

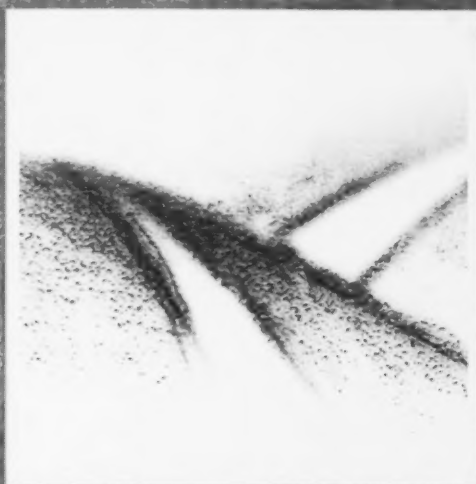


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THE PUBLIC SERVICE IN TRANSITION



RENEWING ORGANIZATIONS: MANAGING WORKFORCE TRANSITIONS

A CCMD Project developed by
Dr. James R. Nining and
Marilyn J. Arditti
in collaboration with
The Transition Advisory Group

Canada

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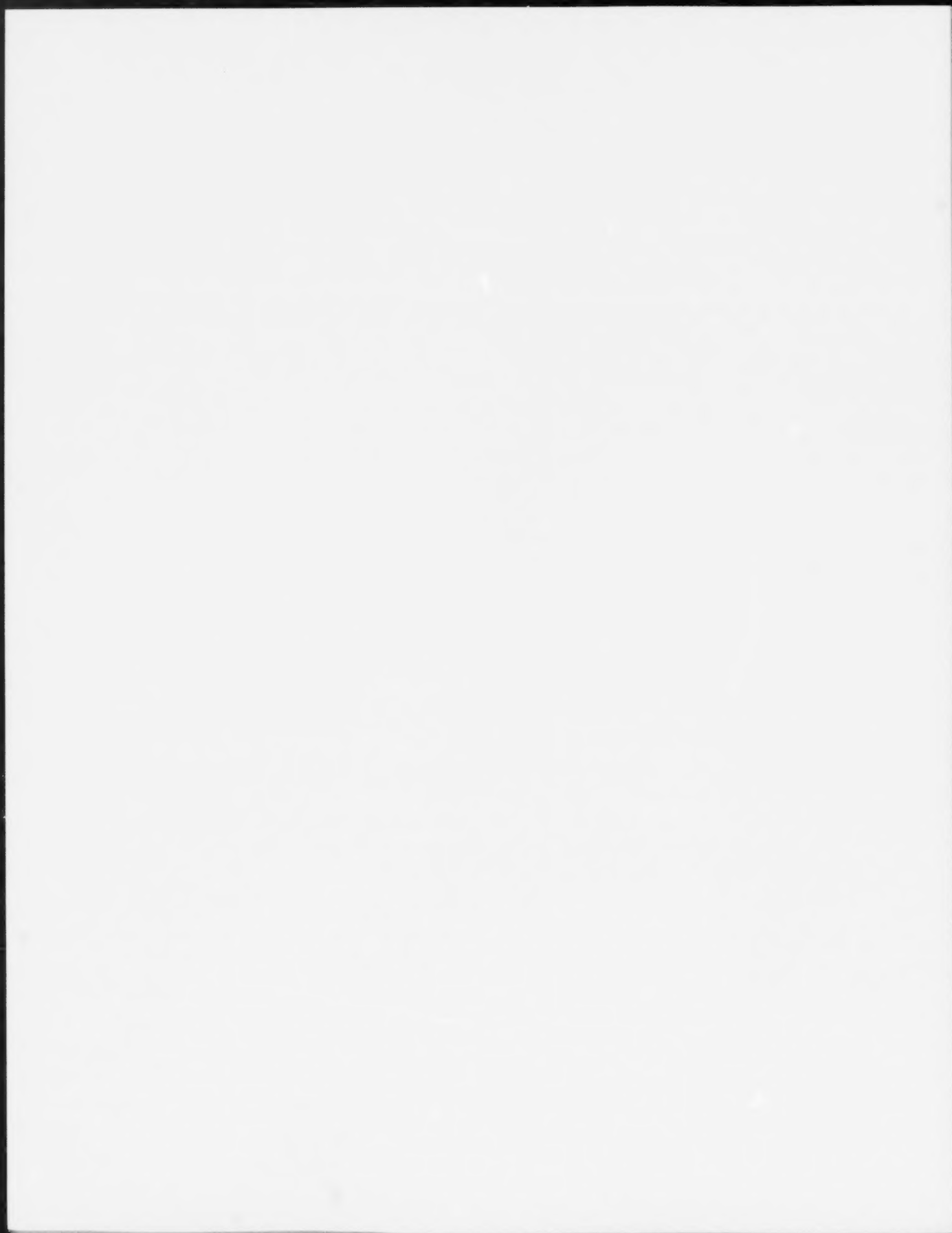
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PRESIDENT'S MESSAGE

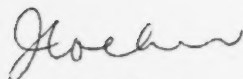
The timing of this report could not have been more aptly chosen. *The Public Service Modernization Act* has just been passed by Parliament, and with it comes a new focus on human resources management and learning in the Public Service of Canada. At the same time, the leadership of the Government of Canada has changed, and the Public Service is readying itself to implement the policy directions and programs of the new government.

Transition is also in the forefront of the Canada School of Public Service as we undertake a new mandate to promote a culture of learning in the Public Service. The School will consolidate and build on the activities of the Canadian Centre for Management Development, with its focus on managers, and on the Public Service Commission's Training and Development Canada, with its more general focus on public servants. It will also integrate the services of Language Training Canada, as the Public Service strives to become truly bilingual in its internal culture and its delivery of services to Canadians.

In order to be successful, one of the main challenges will be to develop the School's workforce and to forge a common mission and common culture aligned with new and evolving business needs. As well, we share, with other departments and agencies, the reality of an aging workforce and the need not only to replace these employees, but to ensure that corporate knowledge is transferred effectively to the next generation. Fostering a learning culture and providing employees with continuous learning opportunities will be a key focus of the management team.

It is in this context that I am pleased to present to you the results of the research done by Dr. James Nininger and Marilyn Arditti. As a result of Program Review and a number of restructuring exercises over the past few years, departments and agencies have faced many challenges in implementing and sustaining human resources initiatives. What is being offered in this report are practical solutions and critical elements for managing workforce transitions drawn from the experiences of leading organizations both within the public sector and in other jurisdictions. The case studies are wide-ranging, enabling any department or agency to find applications suitable to their situations—from Statistics Canada, where succession planning and career development have been sustained over a long period of time, to the Canadian Transportation Agency, where a small agency with limited resources has committed to human resources planning as a priority business objective.

The first report in this series, *Moving Beyond the Workplace: Exploring Life's Journey* (April 2003), which examined the individual aspects of workforce transitions, has been very well received. It has struck a chord with public servants of all ages and levels, not just those in the executive category who are contemplating retirement. As you read this second report, I would ask that you think about the many transitions employees face during their work lives, and about how your organization can best contribute to their well-being and optimum performance. In so doing, organizations will find that the management of workforce transitions becomes second-nature and not the looming crisis they might have imagined.



Janice Cochrane
President, Canadian Centre for Management Development

FOREWORD

The *Executives in Transition* project has been a two-year research initiative carried out under the auspices of the Canadian Centre for Management Development (CCMD). The project has resulted in two publications. The first, *Moving Beyond the Workplace: Exploring Life's Journey* (April 2003), dealt with individual dimensions of leaving the workplace. The second report examines organizational aspects of workforce transitions.

This report was developed as an action research project. A group of present and former senior federal public servants met over the course of nine months as a Transition Advisory Group to provide guidance for the project. Members were Andrew Graham who acted as Chair, Hélène Beauchemin, Rosemary Billings, Lynette Cox, Mary Dawson, Cathy Downes, Richard Haworth, Yvonne Latta, Michael Nelson, Martha Nixon, James Page, Serge Rainville and Earl Warren. They assisted in the design of the research, the development of the framework, the selection of best-practice case studies, and the review of drafts of the report. James Page merits special mention for his work at the formative stage of the project and his review of the various drafts of the report. While the Transition Advisory Group played an important role in the development of the report, the authors accept full responsibility for its contents. We would like to thank the members most sincerely for their support throughout the research. This report is a testimony to their commitment to building a stronger Public Service.

A number of other individuals assisted with various aspects of the research, including, Dr. Wayne Corneil and Susan Tanner from the Association of Professional Executives of the Public Service of Canada (APEX), Mary Ferrari and Susan Amos. We appreciate their contributions. Special thanks are due to Linda Scourtoudis, who assisted with the research, and contributed to the survey of departments and agencies and to the drafting of the report.

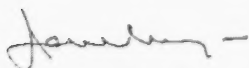
The Canadian Centre for Management Development was a wonderful 'home' for us as we carried out this project. We would like to thank our colleagues in research, learning events, the library and information technology for making our work easier than it otherwise would have been. We wish to express a special thanks to Hélène Godreau and Nadia Ponce-Morales for their administrative support, to Leslie Krukoff for her production assistance, and to Geoff Miller and Tovy Paull from the Treasury Board of Canada Secretariat for their secretariat support and liaison with the Transition Advisory Group.

The project was started while Jocelyne Bourgon was President of CCMD, and was concluded under the leadership of Janice Cochrane, the current president. Their personal encouragement of our work is much appreciated.

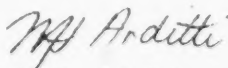
David MacDonald, Vice-President, Research and University Relations at CCMD, had organizational responsibility for our work. We would like to thank him for his interest in the project and for steering the work through its various stages.

Finally, James Lahey, former Associate Secretary, Human Resources Reform, Treasury Board of Canada Secretariat, has been both a key sponsor and supporter of the project. We also appreciate the funding we received from Human Resources Development Canada and Veterans Affairs Canada. In particular, we would like to thank Verna Bruce, Associate Deputy Minister, Veterans Affairs Canada, for her continuing interest and leadership in raising awareness of workforce transition issues among her colleagues.

We hope that this report will be helpful to all those who wish to improve the management of the Public Service of Canada during one of its most significant transition periods.



Dr. James R. Nininger
Visiting Fellow, CCMD



Marilyn J. Arditti
Associate Visiting Fellow, CCMD

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WHAT THIS REPORT IS ABOUT

This report is about the effective management of workforce transitions. Whether you are a deputy minister, senior executive, human resources specialist or line manager, the manner in which you recruit, develop and retain your organization's workforce in the coming years will have a direct impact on the achievement of your results. In the private sector, shareholders have recognized the link between a quality workforce and the bottom line, and consider human resources to be a valued asset. For the public sector, with its renewed focus on accountability and quality service, the management of its human resources has become crucial. In fact, with an aging workforce and an ever-changing environment, the issue of workforce transitions can no longer be ignored. The passage of the *Public Service Modernization Act*, with its increased delegation of human resources management to departments, is ushering in a new era. The key questions that will need to be regularly discussed around management tables are:

1. Are your human resources plans sufficiently integrated with your overall business plans to ensure that your organization has the talent to meet its objectives?
2. Are you confident that your succession plans will provide you with current and future talent for mission-critical and leadership positions?
3. Do your management and other development programs deliver what you require to meet changing priorities?
4. Have your healthy workplace initiatives resulted in better performance, improved employee satisfaction and commitment, and staff retention?
5. Are you capturing mission-critical knowledge from employees when they leave?

And in answering each of these questions, senior managers will also need to ask themselves: **How do I know?** Each of the five elements suggested in this report are aimed at helping you deal with these questions through insights and experiences of other organizations.

"If the Public Service is not able to rely on a core of executives to lead and support the coming transitions, there will be serious repercussions for the Public Service and for Canada."

—Advisory Committee on Senior Level Retention and Compensation, *Sixth Report*, May 2003



PART 1

OVERVIEW

INTRODUCTION

The transitions that affect us all generally fall into two categories. The first, workplace transitions, are explicitly career-related. They include entry into the workforce, promotions, job and career shifts, and departure from paid work, either by choice or by force of circumstance. All of these transitions involve extensive employer involvement.

The second—personal transitions, while private in nature, often require some employer involvement. These include a range of both positive and negative transitions such as marriage (planned holidays), the birth or adoption of a child (maternity/parental leave), a debilitating family illness (sick leave or family-related leave), the loss of a family member (bereavement leave and grief counselling), or the physical or mental decline of a parent (reduced workload or unpaid leave).

It is important to acknowledge that every transition, regardless of type, raises issues for both the people concerned and the organizations where they work. Transitions are human experiences full of emotion, challenge and opportunity. Nevertheless, sometimes they are ignored or their impact minimized by managers. The reality, however, is that transitions affect how well people perform and how smoothly organizations function.

Transitions, especially the personal variety, touch people deeply: not only the employee in question, but also his or her colleagues and managers. For this reason, transitions must be handled humanely and supportively. Organizations have to be ready to respond well to events such as a death in an employee's family. Leaders must make sure that their managers are equipped with the skills and the emotional intelligence required to deal with these events effectively and compassionately.

However, personal transitions cannot always be planned for because they are not part of a predictable business cycle, shift in organization direction, or forecasted demographic change. They are personal events to be dealt with one by one as they arise, in whatever order or number they occur.

Workplace transitions, on the other hand, do lend themselves to short-, medium- and long-term planning and management. For this reason, they should not be emergencies. Because of them, managers must be adept at recruiting and motivating people, in developing their knowledge and skill, and in retaining their commitment and interest. When people leave, as they inevitably do, their managers should have the know-how to cope with and to minimize the potential loss of knowledge and expertise.

Managers in high-performance organizations know that successful handling of workplace-related

transitions does not happen by chance. It happens by design. Good managers know that transitions succeed through sound intelligence gathering, creative strategic thinking, careful business planning, effective training and well-ordered systems.

This is even more the case today as the degree of employees' attachment to their employers is lessening. Increasingly, young workers as well as more experienced workers expect, and even welcome, that they will change jobs regularly. They are motivated by personal goals and family-related interests. Their objectives are not necessarily in line with typical career patterns or the traditional ways organizations think of the employee-employer relationship.

These emerging realities call for a balanced and skilled approach in dealing with workplace transitions. Quality performance often hangs in the balance during a handoff from one employee to another. It is expensive both in terms of time and dollars to replace an experienced professional in the workplace.

Taken together, these two types of transitions are the elements of an organization's 'life journey'. They are literally the inhalations and exhalations of a modern corporate organism. Just as fitness, good diet and work-life balance affect the longevity of individuals, effective planning and sound decision-making determine organizational health and sustainability.

THE CONTEXT

Why is it important to pay attention to the management of workforce transitions? What is the business case for focusing on this area given all of the other challenges that the Public Service faces? The answers to these questions lie in the environmental context of managing complex organizations in the early part of the 21st century. Three areas are of particular importance: the changing nature of the Public Service, demographics, and global trends.

CHANGING NATURE OF THE PUBLIC SERVICE

The Public Service of Canada has been undergoing significant change for some time. The changes are characterized by the following factors:

- a revised legislative framework for human resource management that involves more delegation to departments, new oversight structures, co-development of policies with labour and renewed management learning
- new delivery options for programs and services, including the creation of special operating agencies, devolution of responsibilities and enhanced flexibility in meeting citizens' needs
- a focus on results-based management, transparency and accountability with a new management accountability framework and performance agreements
- a renewed emphasis on leadership
- a governance model that operates in a more collaborative environment, in partnership with other levels of government, business, labour, communities and citizens
- the expectation that issues will be managed horizontally across departments
- an increasingly critical and hostile environment resulting from intensified scrutiny by the media and Parliament
- a commitment to a representative, bilingual and inclusive workforce.

DEMOGRAPHICS

The aging of the Public Service of Canada's workforce presents an important challenge. Analysis undertaken by the Treasury Board of Canada Secretariat¹ indicates the following:

- Across the Public Service, 30% of employees retire as soon as they are eligible for an unreduced pension, and a further 35% retire within the next two years. However, 50% of executives retire as soon as they are eligible for an unreduced pension.
- By the end of 2003–2004, 21% of executives will be eligible for retirement with an unreduced pension, with eligibility rates of approximately 6 to 7% in succeeding years. For executives, whose average career in the EX category is 14.4 years, the normal annual renewal/departure rate is about 7%.
- By 2008–2009, the retirement eligibility levels for EX1–4 are actually higher than for EX5s. A worst-case scenario, based on the existing cohort and assuming retirement as soon as eligible, shows potential for replacement shortfalls starting by 2009–10 for all EX levels except EX1.
- Given an average 30- to 35-year career in the Public Service, a 3% renewal rate based on departures would be about normal across the system.
- Over the coming decade, the eligibility levels for non-executive groups are as follows, compared with the 3% norm:
 - *above the norm*: library scientists; university teachers; translators; research scientists; commerce officers; procurement, middle and senior administrative and program officers; as well as staff in human resources, audit, aircraft operations and electronics
 - *above the norm in 3 to 4 years*: ships' officers and crew, radio operators, and broader operational services and technical services groups
 - *at or below the norm*: staff in most other groups, such as lawyers, correctional services, finance, computer science, foreign service and information services officers, economists, data entry and clerical employees.

These are, however, broad generalizations. In order to understand the impact on their own operations, managers will need to identify the business and

human capital risks and opportunities that these data represent. As well, the impact of official languages requirements, the need to sustain or increase representation of employment equity groups, and potential changes in employee satisfaction levels with the working environment could shrink the pool of potential replacements further.

GLOBAL TRENDS

A number of trends that are evident in many industrialized economies may well have an impact on Canada.

In the United States, the events of September 11, 2001, and the continuing efforts to ensure homeland security have reinforced the importance of public servants at all levels. The U.S. General Accounting Office (GAO) has designated strategic human capital as a government-wide high-risk area.

In Europe, the population's accelerated aging rate is leading to real challenges to productivity and the viability of public pension plans.

At the same time, research from both the public and private sectors indicates that more experienced, mature workers are able to, and want to, work longer, past their age of eligibility for retirement. As a result, issues of age discrimination are being addressed.

Everywhere, the nature of the workforce continues to change because of the generation of more knowledge-intensive jobs requiring higher levels of skills. There is a consequent increased competition for talent across sectors. Both private and public sectors are turning increasingly to technological solutions to improve efficiencies and to make their services more accessible to their clients and to citizens generally. As well, there is growing awareness of the need to enhance the skill levels of all employees through continuous learning.

These three developments—the changing nature of the Public Service, demographics, and certain

global trends—mean that employers must place a high priority on management of the workforce, and on workforce transitions in particular.

In addition, the public sector is increasingly recognizing the significance of this issue at all levels. A survey conducted for this report² and which will be referred to in later sections, indicated that 69% of departments and agencies believed the workforce transition challenge was a very significant issue for their organizations, and a further 17% reported it was somewhat significant. This finding is supported by the results of a 2002 survey of federal, provincial and territorial deputy ministers and municipal chief administrative officers conducted by the Institute of Public Administration of Canada (IPAC).³ Respondents rated human resources renewal as the top issue by far, with recruitment, retention and succession planning mentioned most often within the human resources renewal theme.

PROJECT REPORTS

THE FIRST REPORT

The first report of the *Executives in Transition Project* released in April 2003 focused on the experiences of individual executives making the passage from full-time work to the next phase of their lives. Called *Moving Beyond the Workplace: Exploring Life's Journey*, it was based on over a hundred interviews conducted in both the public and private sectors.

The aim of this first report was to ascertain what could be learned from executives who had retired or were planning to retire. Six key lessons were derived:

1. **View retirement as part of a journey, not as a destination.**
2. **Get a life while you are working.**
3. **Be prepared for leaving—it happens sooner or later.**

4. **Cut yourself some slack after leaving.**

5. **Renew and rediscover relationships on your journey.**

6. **Make the most of this phase of your life.**

The first report looked at transitions from the employee perspective. Nonetheless, because employees work in organizations, the first report inevitably touched on a number of organizational dimensions. These include knowledge transfer, succession planning, coaching and phased retirement, as well as areas such as leaving a legacy and bringing closure to a public service career. These issues are the bridge to the second report.

THE SECOND REPORT

Renewing Organizations: Managing Workforce Transitions examines transitions from the organizational perspective. It deals with organizational strategies and practices that are needed to handle workplace transitions affecting the Public Service of Canada. It also addresses a number of related human resource policies and practices.

The audience of this report is the Public Service of Canada. Specifically, it is addressed to three groups: the executive management cadre, line managers, and human resource professionals. All have an important stake in the effective organizational responses to workforce transition issues.

The study was designed as an action research project. To accomplish this, members of the Transition Advisory Group (TAG) of the Leadership Network were active participants in the project. This group of senior executives, both present and former public servants, were involved in the design of the research, the development of the components of the conceptual framework, the selection of the best-practice case studies that support the framework and the review of the report.

The research design also included a survey of federal departments and agencies on their policies and practices related to transitions. Twenty-nine departments responded, and the survey results are presented in relevant sections of the report.

The report's hypothesis is that high-performing organizations must not only sustain themselves, they must re-invent themselves over time. A corollary to this hypothesis is that in order to remain vital and high performing, organizations have to be skilled at managing transitions.

With the assistance of TAG, the authors developed five essential elements that, taken together, position a department or agency to be a high-performance organization in dealing with workforce transitions. These elements, which are described in Part 2 of this report, are supported by research and a number of case studies of best practices. Underpinning the five elements is the critical dimension of organizational leadership.

Part 3 of the report deals with some of the challenges and opportunities around making changes using the framework elements developed in the report.

Part 4 lists additional sources of information for those who want to pursue specific aspects of this subject in more depth.

Readers should note that the retirement transition is used in this report as a proxy for other sorts of transitions. The reason for this is simple. The characteristics of an employee's departure from an organization, and the implications of that departure, are the same regardless of the reason for leaving or the destination of the departing person. It does not matter if that person is retiring or moving to another department, agency or sector of society. Nor does it matter if that person is simply going to another branch, division or directorate within the same department or agency. Whenever someone leaves, knowledge must be captured and retained, skills must be replaced and developed, and, of course, the work must go on.

¹ Treasury Board of Canada Secretariat, *Corporate Knowledge Retention and Transfer: Analysis of Public Service Executive and Feeder Group Eligibility for Retirement with an Unreduced Pension, 2002-2003 to 2012-13* (Ottawa: TBS-HRMO), 2003, unpublished.

² Marilyn Arditti and Linda Scourtoudis, *Human Resources Planning for Workforce Transitions in the Public Service of Canada 2002-2003* (Ottawa: Canadian Centre for Management Development), unpublished.

³ Institute of Public Administration of Canada, *IPAC Public Sector Management Issues Survey 2002: Summary Report—The Views of Federal, Provincial and Territorial Deputy Ministers and Municipal CAOs* (Toronto: Institute of Public Administration of Canada), December 2002.



PART 2

KEY ELEMENTS

LEADERSHIP AND THE HIGH-PERFORMING ORGANIZATION

Workforce transition experiences lend themselves to short-, medium- and long-term preparation and planning. They should never become emergencies or happen by chance. If they do, then the organization's leaders have failed in one of their most important tasks: the management of the knowledge, skills and people in their organization.

To succeed in these responsibilities, leaders must be adept at recruiting and motivating people, in developing employee knowledge and skill, and in retaining the commitment of the workforce. In fact, recent research by the Corporate Leadership Council found that people-management skills rank first in importance for effective leadership in most organizations.⁴ When people leave, as inevitably they do, their managers should have the know-how to cope with and minimize the potential loss of knowledge and expertise.

This is why the Transition Advisory Group identified leadership as an overarching theme in the management of workforce transitions. Among the attributes of a high-performance organization are the quality of its leaders and the way the exercise of leadership is embedded as a central value.

The true test of leadership lies in what the leaders actually do to ensure the success of the organizations they lead. This means developing and fostering the department's shared vision and conveying this vision clearly and consistently in both word and deed. It means aligning the organization around the vision and encouraging commitment to the vision throughout the organization. It means being aware of the contribution each and every employee can and must make in achieving the vision, guided by clear standards of performance.

Regarding workforce transitions, effective leaders ensure that the organization has planned for changes in its workforce. This involves paying attention to five key elements:

1. **A business planning process that includes transition issues in strategic and operational plans**
2. **An alignment of organizational needs and individual potential**
3. **An investment in the development of talent**
4. **Effective management of workplace performance and well-being**
5. **A commitment to ensuring corporate continuity.**

To attain a high standard of performance in each element, TAG is of the view that departments and agencies must have a strong group of human resource professionals and that there needs to be a synergistic and robust relationship between the human resource function and other parts of the organization. The organization's leaders must ensure that this happens.

Through years of rationalization, it is felt that it has become difficult, and in some cases impossible, for the human resource function to carry out both its tactical role (facilitating various types of transactions, oversight and monitoring) and its strategic role (helping to meet the business needs of the department). The function must not only be accorded the resources it needs, but management systems must be in place that allow for timely responses to business needs—with appropriate accountabilities.

FIVE ELEMENTS IN THE ORGANIZATIONAL FRAMEWORK

As mentioned above, in addition to leadership, this report explores the five elements that comprise the organizational framework for managing workforce transitions. It examines what a high-performing organization does in each of the key elements. The discussion of each element begins with a list of performance characteristics. This is followed by a summary of relevant research findings and examples of best practices in areas related to the element. Each section ends with an organizational readiness checklist.

Two things should be kept in mind with respect to the elements. First, they are linked and they should be viewed as being connected to one another. Second, they cascade from the first to the fifth element, that is, there is a sequence to them.

The framework begins with effective business planning, which includes human resource strategies. This planning imperative is driven by the premise that effective organizations clearly articulate their strategic as well as their operating plans, and they hold themselves accountable for their performance judged against these plans. Workforce transition issues are part of the business strategies.

This cascades to the second element, aligning corporate needs and individual potential. Here the process is driven by a well-developed succession plan for the organization. The succession plan drives the workforce transition strategies identified in the business planning process.

The third tier of the framework explores how effective organizations invest in and develop human potential. This is grounded in a management development program for future leaders as well as business-based development programs for other levels of the management cadre and individual learning plans for all employees. This element also indicates how functional communities and communities of practice contribute to effective workforce transition strategies.

The fourth element of the framework examines how effective organizations manage workplace performance and well-being. These organizations recognize the link between a healthy workplace and the achievement of business objectives. Workforce transition challenges are addressed as part of this link. Systemic issues are addressed in the business plan, and resources are devoted to their satisfactory resolution.

The fifth element explores the link between workforce transitions and organizational continuity. Workforce transitions present risks, and the effective organization has plans in place to mitigate such risks. Knowledge management strategies are an important part of these plans. As well, these organizations are committed to facilitating the transition of individuals to their post-career phase of life.

⁴ Corporate Leadership Council, *The Leadership Imperative: Strategies for Increasing Bench Strength* (Washington, DC: Corporate Leadership Council), 2001.

ELEMENT 1 - A BUSINESS PLANNING PROCESS

A well-managed public sector organization uses a rigorous business planning process to set out its vision and strategy, define its objectives, monitor its progress, make course corrections and assess its performance.

Effective planning for workforce transitions has to be an integral part of such a planning system. It also has to be a product in that support systems, such as human resources, should take their direction from the business plan.

"Human resources planning often becomes a series of crisis management plans rather than the systematic design and implementation of action plans meant to best position the organization and take advantage of inevitable or potential future events."

– CCMD survey for this project

IN A HIGH-PERFORMING ORGANIZATION:

Workforce transition issues are a part of the human resources component of the business plan.

The business plan of a department clearly articulates its vision, mission, values, goals, objectives and strategies, defining its direction and expectations for itself and its constituencies. The department's human resource strategies are fully integrated into the business needs.

A separate human resources plan is created in a timely manner that contributes to and flows from the departmental business plan over the planning cycle.

The human resources plan is developed at the highest levels of the department. It clearly identifies the human resource needs that must be met if the overall department plan is to be realized. Workforce transition issues are clearly identified.

There also needs to be a clear link between the human resources plan and the financial plan—sufficient funds must be allocated to ensure the human resource plan can be attained.

Underpinning the human resources plan is a thorough environmental scan. The scan examines the external and internal dimensions of the department. It goes beyond demographics and probes the department's readiness to deal with changes such as workforce transitions. The scan explores the personal dimensions of transitions (sick partner, aging parent) as well as the organizational dimensions.

The stewardship of transitional human resources issues is in the hands of the leadership.

The department's various plans are living documents that drive efforts. As stewards of this process, leaders review these plans periodically and revise them in light of changing organizational priorities and employee needs.

Accountability for performance against the departmental and human resource strategic plans is clear and unambiguous.

Performance agreements and pay are linked to the accomplishment of the human resource plan and, where applicable, the effective management of workforce transition issues. The 'how' as well as the 'what' are evaluated through an array of assessment tools.

WHAT THE RESEARCH SAYS

There is a well-developed literature on the link between business planning and human resource planning. Three references are cited in this section, and further sources are listed in Part 4.

As part of this study, heads of human resources of federal departments and agencies were surveyed to explore workforce transition policies and practices in the federal public service.⁵ Survey questionnaires were sent to 60 organizations; 29 responded. Follow up discussions took place with a number of departments and agencies.

The Public Service Commission remains convinced that human resources planning needs more focused leadership at a strategic level across the Public Service.

The staffing system's long-term capability to provide for a competent Public Service will be at risk until human resources planning as an integrated part of departmental planning becomes the norm.

—Public Service Commission of Canada,
2002-2003 Annual Report

One of the areas probed was the existence of business planning and the link between the business plan and the human resource plan. Seventy-six percent of respondents reported that their department had a long-term business plan and that there were some linkages to human resource matters in the business plan. However, only 55% reported that such a plan was prepared on an annual basis. Further, such plans were not seen as fully robust or linked to resource allocations to bring the plans into effect. An important observation from the survey findings was that "there is a disconnect between the identification of the workforce transition issue and action taken to address it."

A review of departmental Plans and Priorities reports supports this conclusion. Very few departments identify human resource issues as part of their business plans.

A second reference is a work carried out by The Conference Board of Canada.⁶ It was based on interviews with private-sector executives on the link between business and human resource planning. Here are some examples from that work:

- The vice-president, corporate, of a leading Canadian gas supplier reports that human resource plans are discussed on a quarterly basis when the executive committee reviews business results.
- A major Canadian telecommunications firm has developed a two-stage planning process. The first stage begins with the business units. They are responsible for human resource planning inputs. The process, driven by line managers, includes these steps: identifying business drivers, determining key issues to be considered for each driver, summarizing organization and people issues, and developing a detailed action plan. In stage two, the corporate human resource group takes this information and rolls it up into a company-wide perspective that focuses on actions, desired outcomes and deliverables, responsibilities, and timelines.
- At a large Canadian steel producer, human resource planning, particularly workforce planning, is considered an important part of the corporate business planning process. Human resources identifies the workforce goals, projects and activities that will affect the various business units and departments. Business units and departments then use this information when creating their workforce plans. Human resources modifies its own plan based on how the business units set their workforce requirements. For example, if a change in approach to work (such as a move to using more teamwork) is identified as a means to achieve better resource use in manufacturing, human resources follows up with training and development support. "Human resource planning is not just a number count. It is a definition of workforce requirements that affects a multitude of other processes both inside and outside of the human resource department," reported a senior human resource executive.
- The following statement, by the senior strategic planning executive, summarizes how the process

is managed at a large Canadian financial institution: "There is no separate definition of human resource planning from business planning. It starts with strategic corporate planning. The process is iterative and non-linear in that corporate and business platforms feed each other."

The final reference is a recent report to Congress by the United States General Accounting Office, entitled *Strategic Human Capital Management*.⁷ The report identified four high-risk human resource challenges for the U.S. federal government: leadership; strategic planning of human capital; the acquisition, development and retention of talent; and results-oriented organizational cultures.

The report goes on to say, "The nature of the management challenges and transformation issues confronting many agencies calls for approaches from leaders government-wide that serve to:

- elevate attention to management issues and organizational transformation
- integrate various key management and transformation efforts and
- institutionalize accountability for addressing management issues and leading organizational transformation."

Two conclusions can be drawn from this research, conclusions consistent with other research dealing with the link between business planning and human resource planning:

- Many organizations recognize the importance of this linkage and ensure that it is part of their management practice.
- There is a need for better recognition and better practice across the federal public service.

SOME EXAMPLES OF BEST PRACTICE

1. THE GOVERNMENT OF ALBERTA: INCORPORATING CROSS-MINISTRY INITIATIVES

Understanding Alberta's business planning system and how it weaves in its human resource needs means understanding 'cross-ministry initiatives'. Supported by a robust planning system and cycle, each year the Cabinet determines a small number of cross-ministry initiatives to which all departments are expected to contribute, according to their roles and capacities. These initiatives sit at the top of the overall planning system. They determine a significant portion of each deputy minister's performance rating, and they focus government effort on and build a team approach to achieving the government's priorities of the day.

The Alberta Planning Landscape

The Alberta government produces two principal corporate planning documents: the Alberta Business Plan and the Corporate Human Resource Plan. These are strategic documents—they set the goals of the government for the next three years. The sequencing of these plans is important:

- First, they have to be taken into account in departmental planning.
- Second, they affect the performance ratings of the department and its senior officials.
- Third, the measures in them are part of Alberta's public reporting and are used to assess how senior executives are rewarded.

Both of these plans have a three-year horizon. In that sense, they are strategic and need ways to be operationalized each year. For human resources, this is accomplished through the Corporate Human Resources Development Strategy that identifies specific activities to meet the strategic directions.

The purpose of a three-year cycle is to permit learning and adjustment. In any one year, an organization will be operating the cycle at several levels:

- learning, assessing and reporting on the previous year's performance, as well as making adjustments to current and future year plans
- taking actions and following through on commitments in the plans, which includes adjusting to experience and changing circumstances
- building for future years through the ministry- and government-wide planning process.

Linking to Departments and Their Work

Within this overall government system, each department is also required to build a business plan and a human resource plan derived from its business needs. Supporting this planning process centrally is the Personnel Administration Office, which works collaboratively with human resources directors to provide guidance to departments, through such documents as the *Reference Guide for Human Resource Planning*.

"Planning needs to be long range and strategic. The gaps on the horizon need to be identified and a way found to address them through recruitment, training or development so that when the time comes, the skill levels are there to take over."

—CCMD survey for this project

Making Human Resource Planning Important

Due in part to its concern for the emerging transition issues for its staff, the Alberta government had identified human resource management as one of its cross-ministry priorities for several years, beginning in 1998. It also put in place two other important measures that ensured that transitional issues such as retention, recruitment and effective planning, were taken seriously.

- The government established an External Review Team headed by a private-sector corporate executive. This team monitors overall public service performance by formally evaluating the results achieved against set targets. It also reports on an annual basis, directly to the Alberta Cabinet with recommendations on performance pay for senior executives;
- The government created the Core Measures Survey.

This cross-ministry survey of staff measures their alignment with departmental goals, their job satisfaction, and their understanding of their role in their ministry's achievement of its objectives. Results show that 81% of employees report they understand how their work contributes to their department's business plan, and 77% report they know how the work of their department contributes to the overall government business goals.

Two key elements emerge from this example:

- the importance of aligning a strong business planning process and the human resources component
- the importance of assigning a high priority to human resource planning.

2. STATISTICS CANADA: STRATEGIC HUMAN RESOURCE PLANNING IN A LEADING KNOWLEDGE ORGANIZATION

At the heart of a knowledge organization are the people who collect, use and disseminate information, data and knowledge. Because of this, human resource management is key to the achievement of Statistics Canada's goals. For some time now, Statistics Canada has developed a reputation for robust people management, bolstered by a comprehensive human resources strategy. This strategy has been an important driver of its overall business planning. It has identified a number of vulnerabilities, all of which require human resources responses:

- an aging workforce
- increasing demands for varied knowledge products
- increasing complexity of the technology available.

Statistics Canada focused its human resource strategy on four elements:

- hiring the best and brightest
- training the agency's workforce in up-to-date skills
- developing employees' long-term career potential through broadening assignments
- promoting a positive work environment to motivate staff and promote productivity.

This has been a corporate business priority for a number of years for Statistics Canada. It has been

driven by a number of management committees, culminating with the Human Resources Development Committee, headed by the Chief Statistician. Statistics Canada's approach has a number of features:

- recruitment based on projections developed through Statistics Canada's own modeling capacity
- corporately managed recruitment and development
- mentoring for recruits as well as those in career transition
- investment in training
- career broadening
- career streams
- creation of a Corporate Assignments Division
- extensive use of generic competitions and promotion pools for all levels in the organization
- senior management development program
- an alumni program.

Taking a Long-Term View

At the heart of this varied program is the commitment to developing long-term careers for Statistics Canada's employees. The agency takes the view that its work is complex, demanding a long-term engagement of its employees in the substance of their work in order to develop the level of expertise that it wants for its knowledge products. This takes investment in training and development. It also means creating an attractive work environment with considerable stability.

Some Specific Features to Note

- *Knowledge Transfer:* Because it has forecast an extensive turnover in its employees over the next 10 years, Statistics Canada has created pools of talented and well-trained individuals at each level in the organization. From these pools it can now promote to vacancies as they occur. This approach has led to more orderly transfers of knowledge. As well, it has reduced the number of 'one-off' competitions, which tend to select candidates because they are in the right place at the right time.
- *Executive Selection and Development Program:* Statistics Canada has demonstrated leadership in

the federal government by creating an executive development program. This begins with a developmental pool that employees enter through generic competition, followed by assignment experience of 24 to 36 months, individualized training, and experience through committee involvement. The process culminates with a roll-up to the EX2 level.

- *Alumni Program:* Retired statisticians still count at Statistics Canada. To draw upon such resources, the agency developed its Alumni Program. This matches the skills of retired Statistics Canada employees with projects requiring a scarce resource in terms of corporate knowledge, wisdom and experience. The Alumni Program supplements projects and helps smooth out workloads; it is not intended to replace permanent staff capacity, especially on the project management side. More details are provided in Element 5.

3. U.S. OFFICE OF PERSONNEL MANAGEMENT: LINKING STRATEGIC AND PERFORMANCE PLANS

The U.S. government's Office of Personnel Management links its strategic plan to its annual performance plan.⁸

- The annual performance plan contains a section on 'resource summary by goal' showing resources devoted to each strategic goal by program area and funding source.
- The annual performance plan includes a 'crosswalk to strategic plan' that is a complete listing of all the individual annual program goals that relate to each strategic plan goal and objective.
- In the annual performance plan, each program area is discussed and its annual goals are shown.

ORGANIZATIONAL READINESS CHECKLIST

- ☐ Is the sequence of preparing the business plan and the human resources plan appropriate to allow timely human resources input back into the business plan?
- ☐ Are data and analysis from the human resources function treated in the same way as data and analysis from other functions and program areas, particularly finance?
- ☐ Are measures established that provide meaningful data for tracking how initiatives and practices are promoting results?
- ☐ Do individual performance agreements include criteria and goals for human resource managing of workforce transitions?
- ☐ Does the human resources function have the competencies and capacity to contribute effectively to strategic planning?
- ☐ Are all plans communicated in language and methods appropriate for the various audiences, with a feedback mechanism?

⁵ Marilyn Arditti and Linda Scourtoudis, *Human Resources Planning for Workforce Transitions in the Public Service of Canada 2002-2003* (Ottawa: Canadian Centre for Management Development), unpublished.

⁶ Andrew Graham, interviews conducted for The Conference Board of Canada, 2002-2003, unpublished.

⁷ U.S. General Accounting Office, *High Risk Series: Strategic Human Capital Management* GAO-03-120 (Washington, DC: U.S. General Accounting Office), January 2003.

⁸ U.S. Office of Personnel Management, *Federal Human Resources Management for the 21st Century: Strategic Plan FY 2000-FY 2005* (Washington, DC: U.S. Office of Personnel Management), October 2000.

ELEMENT 2 - AN ALIGNMENT OF ORGANIZATIONAL NEEDS AND INDIVIDUAL POTENTIAL

This element focuses on the management of workforce transitions from the perspective of the organization as well as from that of the individual, particularly the maximization of each employee's potential. Succession planning is a crucial part of an organization's overall human resources strategy. This element highlights the need to tie succession planning to the corporate and specialized business requirements of the organization, as well as to budgeting and accountability processes. Although most often done for the development and replacement of senior level positions, good succession planning ensures that specialized, mission-critical

positions are never left unoccupied. It is also important that management demonstrate its commitment to providing career paths for the entire workforce.

"The main issues for succession planning should be equity, fairness and transparency. We should ask ourselves if all departments are doing it or only some."

—CCMD survey for this project

IN A HIGH-PERFORMING ORGANIZATION:

A succession planning process is in place with the leadership team accountable for its implementation and results.

As a high-performance organization, a department produces an annual succession plan to manage workforce transitions as part of its overall human resources strategy. In addition to planning for succession at senior levels, good succession plans also identify mission-critical positions and the competencies they require in order to meet current and future business needs. In the federal context, such plans must also take into account central agency policies related to Public Service values such as employment equity and bilingualism. To be credible, planners must undertake regional and union consultations to ensure that their plans address regional and local circumstances.

Its senior management understands the importance of talent as a critical asset that is valued and recognized by stakeholders. It ensures that there are regular reports on the progress of its succession plans. As part of that process, measurable criteria on what constitutes

performance success are built into performance agreements.

Human resources requirements are aligned with business and government-wide objectives and include participation in collective succession planning.

The department uses a competency-based approach to identify and develop talent. It regularly reviews these competencies to ensure alignment with its own evolving business needs as well as with government-wide objectives. This involves taking part in collective recruitment and development for key occupational groups, leadership positions and corporate functions such as communications and human resources.

Resources, both financial and human, are sufficient to ensure that the department succeeds in its commitments to meet human resources objectives.

The department allocates, through its annual budgeting exercise, sufficient resources to implement its succession plan. As part of that plan, due attention is paid to the training and development component. This is discussed more fully in Element 3.

WHAT THE RESEARCH SAYS

Much has been written on the topic of succession planning. Many organizations consider such planning to be an essential dimension of building both current and future capacity. Four references are reviewed here. Additional sources of information are cited in Part 4.

The survey undertaken for this study provides interesting insights on succession planning in the federal Public Service. Of the departments and agencies that responded to the survey, 38% indicated that they had formal succession planning processes in place. A further 17% indicated they were developing processes. This left 45% of the respondent departments and agencies without a formal succession planning process. It is instructive that of the departments and agencies that reported having a formal process in place, the vast majority (73%) found them to be effective.

A second study was carried out by The Leadership Network of the Treasury Board of Canada Secretariat in 2002. The study, *How Organizations Build Leadership Capability*,⁹ surveyed private-sector organizations as well as a few public-sector organizations to determine how they build leadership capacity and to identify practices that may have application to the federal Public Service.

The key findings of that study were:

- CEOs now report at least annually to their board of directors on their succession plans and talent management strategies. A vice-president, strategy and leadership, said, "This is not only about protecting the interests of the board and the shareholders, it is about adding to shareholder value. There's no point in having a great strategy if you don't have the right people to implement it."
- Leadership capacity is seen as key to organizational performance and is a top corporate priority. In a large telecommunications company, management of top talent is considered crucial to the business, and a dedicated human resources unit has been established at the corporate level to manage this priority. The president devotes an average of 20 to

30 days of his time annually to the development and strategic management of his top 130 managers.

- Business strategy and succession management are not only linked, they are aligned. A major bank combines business strategy and human resources, including succession planning, under a senior executive reporting to the CEO. This has proven to be a key factor in achieving a more relevant and meaningful succession planning and talent management process. Another organization identifies 'strategic talent' and 'business-critical talent' and manages this talent corporately.
- Business results (what gets done) and leadership style (how it gets done) are equally taken into consideration in determining performance pay. In a large manufacturing company, the performance assessment tool includes explicitly defined behaviours for leadership, professionalism and teamwork.
- Varied learning approaches are used for leadership development. The majority of respondents considered stretch assignments and mentoring/coaching to be the most effective. One large company uses a very individualized approach to leadership development. It includes mentoring, a personal and career development plan, a leadership profile assessment and leadership forums to ensure that each of their leaders of the future receives the attention needed to promote performance, growth and retention.

A third study, the Auditor General's 2001 *Annual Report*,¹⁰ reinforces the need for better long-term succession planning in the federal Public Service. This is based on its survey of a number of federal departments. Among the findings were the need to clearly define the role of deputy ministers in human resource management, assign clear accountabilities, report annually to Parliament on outcomes, and focus on the broader, long-term business needs of organizations.

The Auditor General further reported that although more demographic information is now available for use in planning, departments need to translate it more effectively into concrete recruitment strategies and make better use of central agency research and guidelines. The report concluded that "a more

global view of human resources management is needed to break the cycle of meeting recruitment needs one job at a time. This would require departments and agencies to do a more detailed analysis and reporting of recruitment information to senior management, central agencies, and where necessary, to Parliament. This more global view is needed to ensure that the government will take the recruitment actions that are appropriate to address its present and emerging needs."

Finally, the U.S. General Accounting Office recently published a report entitled *Human Capital: Insights for U.S. Agencies from Other Countries' Succession Planning and Management Initiatives*. The report stated that "leading organizations engage in broad, integrated succession planning and management efforts that focus on strengthening both current and future organizational capacity."¹¹

"Succession planning can help an agency become what it needs to be rather than recreating an existing agency.....When we go into agencies and find succession plans that aren't working well, what we find is a focus on individual positions. Good succession planning is not just looking at who's next in line for a slot, but looking at people early in their careers and determining what kind of training they need to become leaders."

-Chris Mihm, Director of Strategic Issues, U.S. General Accounting Office before a hearing of the House Government Reform Subcommittee on Civil Service and Agency Organization (Oct.1, 2003)

While the succession planning processes reflected each organization's structure, culture and priorities, collectively they exhibited six characteristics: active support of top management; linkage to strategic planning; identification of talent from multiple organizational levels; emphasis on developmental assignments in addition to formal training; addressing of specific human capital challenges, such as diversity, leadership capacity and retention; and use of developmental assignments to facilitate broader transformation efforts.

It is clear from this summary of research studies that succession planning is crucial not only to the management of workforce transitions, but to the ability of an organization to carry out its mandate.

SOME EXAMPLES OF BEST PRACTICE

1. THE ROYAL CANADIAN MOUNTED POLICE: SENIOR MANAGEMENT COMMITMENT

The Royal Canadian Mounted Police provides federal policing to all Canadians and policing services, under contract, to the three territories, eight provinces, 199 municipalities, and 192 First Nations communities. Reviewing its demographic data, the RCMP forecast that 57% of its police executives could retire by 2005 and 27% of the regular force could retire within the next five years. A particular concern was that recruits with less experience and expertise would replace this trained pool of workers. In addition, given the competitive environment for leaders, a renewed focus on retention and recruitment became a priority.

The RCMP strategy centres on two main components: succession planning for senior management positions using multiple resourcing strategies, and new executive/management development programs. Its overall aim is to invest in members/employees who have the highest probability of making a significant contribution to the RCMP's strategic priorities at the executive and management levels. *The Full Potential Program* (FPP) is the main program used to identify, evaluate and develop candidates with the potential to function effectively at the senior management level. The key theme for this approach is 'find 'em and grow 'em.' Up to 35 members/employees are selected annually for this two-year development program through a rigorous selection process of interviews and track-record review. It is also understood that those selected are a corporate resource and may be selected for promotion to a position outside their current organization or region. The Canadian Centre for Management Development delivers the educational

component. In addition, participants are given stretch assignments and dedicated mentoring by senior executives. The mentoring program, a key element in several development programs, is championed by an assistant commissioner and includes workshops with the Department of Justice.

The Senior Executive Development Program (SEDP) is used to identify and pre-qualify a pool of candidates who have been evaluated as having the ability to operate at the senior executive level. It is the primary input into the executive succession planning process, which is driven and supported by the senior executive committee. A 'succession planning room' has been created where, at a glance, potential successors, their skill sets and development needs are displayed. Timely appointments can then be made when vacancies occur. Similarly, the *Officer Candidate Development Program (OCDP)* identifies and develops constables (those who have successfully completed the FPP), corporals, sergeants and staff-sergeants with potential to become commissioned officers.

Coaching has also been introduced more broadly. Senior Executive Workshops have been conducted across all regions and rolled out to subsequent ranks/levels of employees. (Research in the U.S. has demonstrated that *training combined with coaching* increases productivity by 88%, versus 22% for training alone.)

To further the alignment of corporate and human resources priorities, the *Officer Orientation and Development Course* was developed to promote the RCMP strategic framework: its operational priorities, strategic planning, information technology plan and business lines. The course has resulted in a more unified approach to mission, vision and values through enhancement of core competencies and teamwork. It has promoted the use of technology and the policy framework, and reinforced the importance of learning plans and a learning culture. As a course adaptable to all levels within the RCMP, the annual enrolment of this course has doubled since its inception. Complementing this initiative is a CD-ROM and Web-based information package for newly commissioned officers.

Competency profiling was also introduced to provide tools to enable the human resources

function to be more proactive in planning and responding to new, strategic job requirements and to improve its day-to-day delivery of services to operational parts of the organization. Senior executives were surveyed to determine organizational and job-specific competencies. Validation exercises were conducted regionally and the results endorsed by the senior management committee.

Important in implementing this multi-tiered approach is a dedicated Executive Services Group, credible to employees and considered part of the senior management team. Transparency of the process, access to resources for development, reliable and comprehensive data, and frankness in evaluating performance are also crucial. Above all, the RCMP succession planning program is achieving results because of senior managers' ownership of and accountability for the program, and the time they therefore dedicate to its success.

2. CANADIAN TRANSPORTATION AGENCY: STRATEGIC SUCCESSION PLANNING IN A SMALL AGENCY

The Canadian Transportation Agency (CTA) and its predecessor organizations have seen major changes over the last 15 years. A quasi-judicial organization, the CTA administers transportation legislation and policies to help achieve an efficient and accessible transportation system for Canada. In 1997, after two years of severe downsizing, during which its organizational structure was reduced by 50% under Program Review, the CTA's senior management sought to inject the organization with a sense of purpose and continuing job opportunities. They developed a new mission statement, values and strategic plan. Although the agency is small (some 246 indeterminate and term employees in a range of occupational groups: professional, specialized and administrative), managers developed a first succession plan for the agency.

The 1997 Succession Plan placed major importance on:

- a corporate approach to staffing
- a policy of internal staffing and promotion
- a competency management framework to

develop the various working levels

- action to address gaps at certain organizational levels eliminated through program cuts
- a continuous learning organization with strong emphasis on training and development through acting appointments, cross-training, assignments, etc.
- oversight by the agency's Executive Committee of progress and crucial succession considerations and approaches.

While certain initiatives had more success than others, the overall assessment of the five-year plan was positive. Concrete examples of this success were found in the consistency with which agency managers adhered to a CTA-only area of selection on most of its staffing processes, thus maximizing internal staff's opportunities to be selected to fill most vacancies; the consistent approach of opening up all job opportunities throughout the agency, not just within individual branches; and the evidence of increased training on generic job competencies and a greater balance of job-specific and career development training for staff.

In the fall of 2001, the agency's Senior Management Strategic Planning Session focused on its *future, long-term* human resources planning needs. The agency decided to begin an internal culture change, by moving away from its internal staffing policy to a new, strategic approach. This new approach would be aimed at balancing the ongoing development of current staff with the need for external recruitment to ensure the renewal and diversification of the agency workforce. It also would re-align its approaches to better address knowledge management, demographics, diversity and succession issues. Two elements were considered key: a new five-year succession plan and a competency-based management framework.

A competency gap assessment for each agency directorate was conducted to provide a basis for identifying which critical knowledge and skills deficiencies might result from the anticipated retirement or departure of agency staff over the next five to seven years. Consultations and discussions were held with branch management teams. The issues raised within and across agency branches formed the basis for the action plan.

The plan approved by senior management focused on:

- the critical business delivery lines and functional requirements
- the availability of expertise
- candidate pools
- the identification of organizational risks in highly vulnerable positions
- the continuous development and retention of staff
- branch-specific and agency-wide strategic succession planning
- changes in the performance review process that allow for the self-identification of career development opportunities
- use of Public Service Commission (PSC) competencies for EX and Middle Management and assessment centres
- leadership and oversight by the Executive Committee
- generic or broad-banded work descriptions
- greater flexibility in staffing authorities (e.g., ES Apprenticeship Program future appointments against a competency standard).

The plan's components received input and were validated by unions and communicated to staff through directorate-by-directorate meetings. The components were also discussed at a middle managers' retreat, where operational implementation issues, rather than broad strategies, were considered. An instance of this arose as a result of the need to integrate new program responsibilities and find new expertise due to the creation of the Air Travel Complaints program.

Given that funding for recruitment, pre-retirement SAPPs (Special Assignment Pay Plans), and other transition options is a big issue, particularly for a small agency such as the CTA, its operational planning process identified succession planning among the high priority areas to be funded. As a result, it was recognized that some directorates would need to overstaff and receive temporary funding during the training and mentoring period for new recruits.

Most importantly, the CTA has shown that it is possible for small agencies to have a long-term commitment to human resources planning and developing individual potential even with limited resources. What is key is senior management identification of human resources as a priority, the recognition of appropriate resources and flexibili-

ties, transparent communications, and maximizing the use of existing human resources recruitment and selection tools developed by central agencies.

3. INDIAN AND NORTHERN AFFAIRS CANADA: TACKLING DIVERSITY AS A BUSINESS ISSUE

Indian and Northern Affairs Canada plays a key role in renewing and strengthening Canada's relationship with Aboriginal people in order to build the means and capacity to effect social change. *Gathering Strength*, Canada's Aboriginal Action Plan published in 1997, outlined four objectives: renewing partnerships; strengthening Aboriginal governance; developing a new fiscal relationship; and supporting strong communities, people and economies. Initiatives ranged from settling comprehensive claims as quickly as possible to encouraging professional development, and were aimed at ensuring First Nations communities have the resources and capabilities to achieve sustainable governance arrangements and self-reliance. It was in this context, and in order to facilitate this smooth transition, that the department committed to bringing in a number of Aboriginal leaders for senior positions in the department at various levels (assistant deputy minister, regional director general, and executive). At the same time, it was hoped that other departmental managers and employees would benefit from these individuals' unique perspectives.

The overall results were positive. There were also important lessons to be learned from this initiative. One of the key business needs, as mentioned above, centred on providing professional development to Aboriginal leaders. This was achieved through careful orientation and course planning. The Aboriginal participants benefited from attending CCMD courses on The Machinery of Government and Leadership in the Public Service *before and during* their assignments. Secondly, internal communications played an important role in building support and co-operation. The Deputy Minister regularly communicated through speeches, forums and direct communications with staff. Awareness programs were conducted for departmental executives and for staff in other departments and central agencies who were involved with the Aboriginal file. And the department's

Aboriginal network provided support and contacts.

In the end, some of these recruits stayed in the Public Service; others returned to their own communities. A few had difficulties making the transition to work in the Public Service for reasons of principle and personal philosophy; others found it hard to adjust to the layered complexity of managing and decision-making in the bureaucracy. A key benefit for the organization was having the access to their expertise and knowledge for specific situations and projects. However, whether participants remained in the Public Service or not was not the critical business outcome. It was a means to strengthening relationships and achieving a smoother transition process for the broader Aboriginal community. By all accounts, it achieved its goal.

ORGANIZATIONAL READINESS CHECKLIST

- ☐ Are demographic data and analysis sufficiently detailed and up to date to support the annual succession plan and its recommendations?
- ☐ Are assessment tools for recruitment and selection competency-based?
- ☐ Are transparent communications in place to explain succession planning policies and practices?
- ☐ Are managers supported and held accountable for developing their human resources effectively through the performance evaluation system?
- ☐ Are functional occupational group employees included in succession plans?

⁹ Giselle Samson-Verrault and Mary Ferrari, *How Organizations Build Leadership Capability* (Ottawa: The Leadership Network, Treasury Board Secretariat), December 2002, unpublished.

¹⁰ The Office of the Auditor General, *Annual Report* (Ottawa: The Office of the Auditor General), 2001.

¹¹ U.S. General Accounting Office, *Human Capital: Insights for U.S. Agencies from Other Countries' Succession Planning and Management Initiatives*, GAO-03-914- Highlights (Washington, DC: U.S. General Accounting Office), September 2003.

ELEMENT 3 - AN INVESTMENT IN THE DEVELOPMENT OF TALENT

This third element focuses on how investing in and developing human resources is an integral part of a successful human resources strategy and also the cornerstone for preparing individuals as they face workforce transitions. Career development opportunities serve to attract competent and motivated people to an organization, lead to higher levels of engagement and to increased retention rates. Time,

communications, commitment and a supportive culture are necessary for formal development programs to work and informal development opportunities to occur. Regular feedback that measures employee engagement and job satisfaction is also key in ensuring that employees are working to their full potential.

IN A HIGH-PERFORMING ORGANIZATION:

Leadership development is an integral part of the business strategy.

Demand for future leaders is anticipated and planned for well in advance, and is aligned with business needs and related competencies and values. It is recognized that necessary skills and experience are built incrementally over a period of time. Senior management takes accountability for recruitment, selection, development and evaluation, and provides the resources required to support participants. Development programs for future leaders are varied; they include core management development programs that feature stretch assignments, participation in task forces, and coaching. Executive assessment tools are also often used to identify individual development priorities.

Creative strategies that are business-based are put in place for the development of other levels of the management cadre, and appropriate tools are provided.

The department supports the diversity of learning styles of its managers and offers a variety of learning programs and growth opportunities. These may include mentorship programs, job rotations, task force assignments, client visits, as well as classroom-based instruction, self-paced e-learning and coaching. Personal well-being strategies and life/transition skills training are promoted and funded.

Senior management promotes a continuous learning culture, and it demonstrates its commitment to learning by ensuring annual learning plans for all employees and the monitoring and measuring of results.

The connection between staff development, employee retention and the achievement of business results is understood. Employees take ownership of their careers while looking to the department to provide them with learning and development opportunities. The department consistently promotes the benefits of a learning culture, and line managers at all levels work proactively to set development goals with employees, provide information on resources available, and offer assistance and counselling to facilitate the process. Managers are held accountable for results through the performance evaluation system, employee surveys, and 360-degree feedback.

Investments of human and financial resources are made, on an ongoing basis, in support of functional communities, communities of practice, and collaborative relationships at the working level.

The department contributes to the development of Public Service-wide functional communities by sustaining their learning and development needs, and by developing resourcing pools for these groups as part of meeting its business objectives. It provides resources, expertise and communications support, and it promotes their initiatives internally. Similarly, within its own organization, it encourages knowledge-sharing, communication of lessons learned, and a culture of engagement across all levels and branches.

WHAT THE RESEARCH SAYS

This section identifies a number of studies about investing in and developing potential.

The first is the Leadership Network study referred to in the last element. This study reported on the key findings of a survey of how certain organizations built leadership capacity. The majority of these findings are summarized in the research section for the second element of this report. One finding dealt specifically with the role of development:

Varied learning approaches are used for leadership development. Typically, they are tailored to individual needs and to the organizational context. The majority of respondents considered stretch assignments and mentoring/coaching to be the most effective, although a wide variety of vehicles were used. One multinational organization developed a formal core curriculum that covered all levels of management, from the first level to global leaders. The various courses link to each other around four kinds of leadership: business, operational, people and personal leadership. Supplementing the core curriculum are personal development opportunities in which high potentials are strategically assigned to task forces and/or stretch assignments. Another company follows an individualized approach. This includes mentoring, a personal and career development program, a leadership profile assessment and leadership forums to ensure that each of their leaders received the attention they needed to promote their performance, growth and retention.

A second reference is a Public Service Commission report on executive succession, the aging workforce and the development needs of potential replacements.¹² It reported that there appear to be sufficient numbers of potential recruits in the feeder groups to the Executive Category to fill the significant numbers of vacancies expected within the next decade, and that many of these people aspire to become executives. The report identified, however, the need for further development in the following areas: learning a second official language, leadership, policy development, project management, finance, communication, and the ability to work with the political level.

A third study, by the Corporate Leadership Council, looked at the changing trends in the management of mid-level managerial talent.¹³ It found that because of the significant decrease in the number of middle managers in the early 1990s, the role of middle manager shifted from an operational to a strategic role. Thus, management development programs now focus more on development of strategic skills: coaching, communication, middle-management development programs that include executive education programs, committee assignments, job rotations and mentoring.

A fourth report relevant to this discussion is the 2002 Public Service Employee Survey,¹⁴ which showed overall improvements in the areas of career development and learning over the previous three years. Despite these encouraging findings, however, there were some areas of concern. Almost one out of two employees (45%) disagreed that there were opportunities to advance within their own departments. Only 36% felt they had opportunities to advance within the Public Service. The main barriers identified were the lack of access to developmental assignments and learning opportunities, limited access to information about job opportunities, and the reasons for rejections of applicants in job competitions.

"Success comes from successfully implementing strategy, not just from having one. This implementation capability derives, in large measure, from the organization's people, how they are treated, their skills and competencies, and their efforts on behalf of the organization."

—Jeffrey Pfeffer, *The Human Equation, Building Profits by Putting People First* (Boston: Harvard Business School Press, 1998)

Why does this matter? The survey findings indicate that those who perceived that their managers were doing a good job of supporting employee career development were more satisfied with their jobs, more likely to report that their organization was a good place to work, and less likely to state that staff turnover was a problem in their work units.

Making effective use of employee skills is another important aspect of career development. In the survey, less than two thirds of employees felt they had an opportunity to apply the skills they need to advance their career. Moreover, 55% indicated that they would leave the Public Service within five years unless it made better use of their training and skills.

A fifth study researched the importance of investment in training and development. The American Society for Training and Development gathered extensive information from over 2,500 firms over a seven-year period.¹⁵ Over 500 of these firms were publicly traded companies, and the researchers linked investments in training to financial performance data. The findings indicated that those companies that demonstrated the best financial performance tended to spend the most on training and development. In fact, firms in the top half of the ranking had a Total Shareholder Return 45% higher than the weighted average of the S&P 500 Index, and 86% higher than firms in the bottom of the ranking.

Although such relationships must be interpreted with care, the findings do support the view that expenditures in training and development are sound investments.

Finally, two studies emphasized the importance of orientation training and continuing support for new recruits. The purpose of the Governance Network study,¹⁶ conducted for the Treasury Board of Canada Secretariat, was to review the experiences of departments that had previously been identified as using a number of recruitment best practices and to learn about how these fit into their overall branding strategies. Focus on career development proved to be a key element.

Some of the findings included:

- Career development is critical to attract top talent. New recruits want to know how they will gain the experience they need to excel in the organization and in their career as public servants.
- A supportive culture and lots of communication are required. This has proved difficult to achieve. Some recruits received uneven developmental opportunities because managers wanted to keep

them in their own areas rather than allowing them to move to other sectors for more experience.

- Departments with continued managerial involvement in recruitment campaigns stand a better chance in retaining the talent. Time, communication and commitment are needed to ensure quality assignments. While job offers can be made rather efficiently, confirmation of assignments can be much slower to materialize.
- Lack of clear and consistent criteria for development and advancement of new recruits may hamper success. Once brought on board, recruits expect the organization that hired them to deliver on its promises.
- Feedback mechanisms—throughout the recruitment process and beyond—significantly increase retention rates.

The survey also indicated that there are differences in assessment and development across the Public Service. For example, recruits for the ES (Economist) Group are treated differently depending on whether they are in a corporate program such as the *Accelerated Economist Trainee Program* (AETP) or recruited by different departments which may or may not have formal development programs. The report recommended that in order to ensure consistency and equity, the Treasury Board Secretariat could build a strategic framework that would guide departments in the design and implementation of development programs.

A CCMD study looked at the issue by assessing the recent experience of the Government of Canada in integrating senior executives from outside the federal Public Service.¹⁷ It concluded that how transitions are managed matters, and that a systematic approach can have a significant impact on future job success. The reasons given for 'executive derailment', both in the public and private sectors, tended to be rooted in imperfect beginnings—poor communication, incomplete knowledge of the organization and its culture, weak relationships, and limited job understanding, to name a few.

In making its recommendations, the CCMD study stated that much more needed to be done to ease

the transition of external recruits into the Public Service. The authors identified three elements of the integration process:

- careful assessments of individuals—before offers are made—to ensure they possess the necessary qualities for success at the senior executive level
- appropriate transition arrangements, including systematic orientation for the new recruit upon arrival, and the preparation of colleagues and superiors in the receiving organization
- continuing support for the new entrant, including mentoring arrangements, during his or her first months in the Public Service.

Further, the study recognized that the best process should take stock of the individual's needs, capacities and knowledge levels—and tailor integration support accordingly. It quotes another study on the subject:

"A successful integration is one in which both the individual and the organization are transformed for the better and are able to leverage each other's strengths to achieve mutually beneficial goals."¹⁸

The research makes it clear that high performance organizations view investing in the development of its workforce to be fundamental to their overall success, and that this is a key responsibility of top management.

SOME EXAMPLES OF BEST PRACTICE

1. CANADA CUSTOMS AND REVENUE AGENCY: USING INTERNAL AND PUBLIC SERVICE-WIDE MANAGEMENT PROGRAMS

CCRA, one of the largest federal government organizations, has recognized the need to develop its next generation of leaders. It has participated in Public Service-wide management programs, including the Management Trainee Program (entry

level), the Career Assignment Program (high-potential middle managers) and the Accelerated Executive Development Program (senior managers). However, CCRA reviewed its needs and decided that, in addition to these programs (in which candidates are primarily from outside the organization), it would establish an internal management development initiative focused on 'growing' their own employees. This would complement the existing approach, and would provide necessary expertise for the specific business lines of the organization.

Two programs were created: the Executive Development Program (EXDP) and the Middle Management Development Program (MMDP).

The EXDP is a four-year program open exclusively to CCRA employees. Candidates must be employed at one or two levels below the Executive Group, have significant experience in project management and team leadership, and be mobile enough to undertake assignments in various geographic locations. The intense screening process includes in-basket exercises, simulations, reference checks, and interviews with senior executives. Core training is provided by CCMD and supplemented by assignment-specific training. Important features include the assignment of a learning advisor, mentoring and networking opportunities, language training, and the ability to receive acting pay for EX-level assignments and to pre-qualify for an executive CCRA position upon graduation.

The MMDP is a three-year program open to indeterminate CCRA employees with a minimum of three years of continuous service. It is targeted at people three or four levels below the Executive Group. Candidates must have experience in at least one of the following areas: program development/implementation, delivery of a professional service, leadership of a project team, or management of a work unit. As in the EXDP, candidates must be mobile. Screening tools include a situation judgement test, a day at the Public Service Commission Personnel Psychology Centre, 360-degree reference check and interviews. Training includes preparing essential documents for central agencies and CCRA, managing resources, science and project management, leading through vision, values and action and preparing for the selection process.

In addition to contributing to the development of future leaders at CCRA, through these programs, CCRA believes it has benefited by reduced employee turnover, a sharing of organizational culture and values, increased employee motivation and work satisfaction and improved human resources planning and management.

**2. COMMUNICATIONS COMMUNITY OFFICE:
HOW ONE FUNCTIONAL COMMUNITY IS
RESPONDING TO THE DEVELOPMENT AND
RETENTION CHALLENGE**

There are a number of functional communities (a group that shares a common work purpose and expertise, professional or administrative, across government such as the finance, policy and human resources communities). Many of these groups have established community offices to improve their capacity from a human resources development perspective. Although their success to date has been mixed, some examples show promise. One of the most active is the Communications Community Office that was established in April 2002.

Communicators in the federal Public Service have traditionally been relatively mobile between departments, largely because of the demand for their competencies and generalist skills. In today's environment, however, career government communicators find themselves working with fewer support resources, more contractors and consultants, and frequently with term, casual and temporary staff. There is a new focus on consultation and on partnerships. As a result, communicators work within an increasingly complex set of competencies. Faced with demographic fluctuations, technological change and increased workloads, the communications community found that it needed to address the many challenges of developing the modern communications professional in a unique environment. Moreover, with the introduction of the new Government of Canada Communications Policy, that need became more urgent.

The Communications Community Office was set up in response to recommendations made by a working group of directors general of communica-

tions (formed at their June 2001 retreat). The Office is financed by the community itself: each director general agreed to make a contribution based on the number of Information Services (IS) officers within his or her organization. The Communications Community Office has a three-fold mandate: to facilitate efforts to attract and retain new talent, to enhance professional development opportunities, and to strengthen links in the community.

Initial activities included the maintenance of inventories for the IS4, 5 and 6 levels, the establishment of a database of 350 courses and more than 70 course providers, the commissioning of two studies on the communications community derived from the 2002 Public Service Employee Survey and the Survey of Managers and Professionals, and the establishment of an interdepartmental network and HR Working Group to ensure a two-way exchange of information along with a newsletter to IS officers across the Public Service.

In the future it envisions creating an electronic databank of qualified communicators, identified by level, that managers may access. It also wants to equip managers with tools, including templates for competency profiles; human resources and succession plans; and learning plans; selection profiles; and standardized work descriptions. Workshops on staffing, coaching, etc. are also being planned for, as is the development of behaviour-based interview assessment questionnaires. Other priorities are the development of an orientation course for entrants to the communications community, and the continued development of the CommNet Web site, which keeps communicators up to date.

3. BELL CANADA: MENTORING ON-LINE ¹⁹

Bell Canada has developed and implemented a unique, on-line mentoring program, called *Mentor Match*. The program has been recognized as "best in class" by the Corporate Leadership Council. *Mentor Match* addresses many of the challenges that Bell Canada faces: an aging workforce, increased competition, and the need to transfer and broaden employees' knowledge. While recognizing the need to meet these challenges, human resource leaders at Bell also knew that they had to keep costs down.

With increased development opportunities come increased administrative time and costs.

Like other mentoring programs, *Mentor Match* is a process to improve knowledge sharing; break down organizational silos; improve the integration of new hires; and develop employees' knowledge, capabilities, and networks and help them fulfill their career goals.

However, unlike other, more traditional programs, *Mentor Match* fully employs technology to link mentees with potential mentors. It is open to all permanent employees at all levels, and there are no level restrictions for mentors. Moreover, the matching process is completely flexible and gives the mentee control over his or her choice of mentor. In addition, the organization tracks employees' career movements using an on-line tracking system. This information will help determine the program's value in career development and progression.

As of May 2003, eight months after the official launch of the program, 1,195 employees had registered. Of those registrations, 456 possible mentoring partnerships have been identified. These figures rise daily. Overall, employees have found the program accessible and user friendly, with easy-to-follow steps. Both mentees and mentors said they obtained satisfaction from their partnerships and learned from each other.

Bell Canada's experience with *Mentor Match* proves that a mentoring program doesn't have to be costly or take long to develop in order to succeed. *Mentor Match* was designed by an organizational development expert at BCE Corporate Services, supported by one programmer, in less than three months.

There are examples of successful mentoring on-line programs in the federal public service including programs at Health Canada and Natural Resources Canada. These could easily be adapted to meet the specific needs of other departments and agencies.

ORGANIZATIONAL READINESS CHECKLIST

- ☐ Are management development programs appropriately supported over the long term (minimum five years)?
- ☐ Is a learning strategy included in all corporate strategic and human resources planning, with specific training linked to competencies identified for mission accomplishment?
- ☐ Are quantitative and qualitative data compiled and analyzed on aspects such as the amount of funding allocated to and spent on training, the number of developmental assignments, and the change in performance of participants in mentoring programs? Are these findings benchmarked to similar organizations?
- ☐ Does the organization make flexible use of its workforce, drawing on expertise from various branches and functions for specific projects and/or task forces?
- ☐ Do managers and employees, especially new recruits, have easy access to career information and advice? Is it clear who is accountable for providing this?
- ☐ Are the course modules developed for specific management development programs evaluated to determine if they could be adapted for broader use within the organization?

¹² Public Service Commission of Canada, *Executive Succession Reconsidered: Planning for Public Service Renewal* (Ottawa: Public Service Commission of Canada), October 2002.

¹³ Corporate Leadership Council, *Talent Management for Mid-Level Managers* (Washington, DC: Corporate Leadership Council), January 2002.

¹⁴ Treasury Board Secretariat of Canada, *2002 Public Service Employee Survey* (Ottawa: Treasury Board Secretariat of Canada), 2002.

¹⁵ American Society for Training and Development, *Profiting From Learning: Do Firms' Investments in Education and Training Pay Off?* (Alexandria, VA: ASTD), 2002.

¹⁶ Notes on public sector interviews for the following study: *Branding and Other HR Strategies that Contribute to Being an Employer of Choice*, The Governance Network, a study commissioned by the Treasury Board Secretariat of Canada, October 2003, unpublished.

¹⁷ Arthur Kroeger and Jeffrey Heynen, *Making Transitions Work: Integrating External Executives into the Federal Public Service* (Ottawa: CCMD), 2003.

¹⁸ Diane Downey, *Assimilating New Leaders: The Key to Executive Retention* (New York: AMACOM), 2001, pp. 1-2.

¹⁹ The Conference Board of Canada, *Mentoring: Finding a Perfect Match for People Development* (Ottawa: The Conference Board of Canada), June 2003.

ELEMENT 4 - EFFECTIVE MANAGEMENT OF WORKPLACE PERFORMANCE AND WELL-BEING

This element explores the relationships that exist between a healthy workplace, workforce retention and the achievement of business objectives. It emphasizes how the working environment and

culture affect performance, and examines why leadership must take into account the changing needs of employees as they make transitions to different stages in both their work and personal lives.

IN A HIGH-PERFORMING ORGANIZATION:

Management is committed to a high-quality working environment that it systematically and regularly assesses, and, when required, takes action to correct deficiencies.

The department recognizes the link between a healthy workplace and the achievement of business objectives. Assessment tools are used to determine the magnitude of workplace-related issues. The resulting analysis and strategies to correct shortcomings are built into the departmental business plans. The emphasis is on the prevention of workplace related issues rather than on the treatment of them.

The senior team focuses on the key management practices that are the drivers of workplace health.

Senior management continuously reviews the four key factors that are seen as having the

largest impact on the health of an organization: workload demands, control over work, support networks, and performance measurement. To do this, the department surveys its employees and works collaboratively with them and their union representatives to implement change. Managers are selected, developed, held accountable and rewarded for workplace well-being.

Workplace performance and well-being are included in departmental and government-wide leadership programs.

The management of workplace well-being is recognized as a leadership competency, and standards are created in this regard. Leadership development programs include this competency, and tools are provided to assist managers to plan their own work and life as well as to guide their employees in this planning. Emerging issues and best practices are shared at management meetings. Senior managers' actions reflect stated policies.

WHAT THE RESEARCH SAYS

There is extensive literature on the subject of workplace well-being and its impact on employee performance. Four studies of particular relevance to the federal Public Service are cited in this section. The Association of Professional Executives (APEX) has released a series of reports on the health status of executives in the Public Service. The latest of these reports stated, "The Government's ability to

deliver the policies and programs Canadians need depends on having a vibrant, professional Public Service. Sound management is a function of the energy and creativity of its leaders. Thus, the state of health of Public Service executives is of direct consequence to all Canadians."²⁰

The study's major finding was that the executive cadre is quite unhealthy and getting more so. It reported that this situation, which has evolved over a period of years, is the result of executives' low level of decision latitude, their increased work-

related travel, and the high number of hours they work per week. These factors, combined with insufficient resources to meet workload demands and growing administrative tasks, contribute to executives' heightened frustration with their work environment. In turn, the effort that executives must put into managing these demands reduces the energy they have to engage in leadership activities such as human resources management and strategic planning.

The study further stated that executives' working conditions have not escaped the attention of the feeder groups—individuals who are in positions just below the executive category. Many potential new recruits to the executive ranks have indicated they are not interested in the long hours and the lack of control over workload that are features of an executive's work life. This finding is consistent with research conducted by the Public Service Commission.²¹

The APEX report recommended that organizations broaden their approaches beyond individual preventive efforts and examine systemic issues. It explained that improved health is not solely a result of improved individual lifestyle—even individuals who take personal responsibility cannot sustain good health in an environment that is unhealthy. Leaders play an essential role in determining health and productivity in today's organizations. Ultimately, a healthy executive can enhance the health of all those with whom he/she works and thus, the health of the whole organization.

A second study of importance is *The 2001 National Work-Life Conflict Study*, funded by Health Canada. It is a long-term research initiative undertaken to examine the issues associated with work-life conflict and to provide direction on ways to move forward. The study sample consisted of 31,571 Canadian employees who work for public sector (federal, provincial and municipal governments), private sector, and not-for-profit organizations.

In the first of six planned specialized reports,²² statistics showed that, for the general population, time at work had increased over the previous decade. In 1991, one in 10 employees worked 50 or more hours a week; by 2001, the number had increased to one in four. Furthermore, over 70% of

managers and professionals did unpaid overtime work at home. The study concluded that employees' mental health had deteriorated: over 50% experienced stress in 2001, compared with 42% in 1991.

"Workplace well-being is about many things: it is about people having meaningful and challenging work to do with an opportunity to apply their skills and knowledge; it is about working effectively with colleagues and managers; it is about a work environment that is safe and healthy, that is respectful of individuals and their different circumstances, including the need for work-life balance, and where people have the tools they need to get the job done; it is about being fairly compensated, both in terms of salary and benefits; it is about having learning opportunities and possibilities to achieve personal career aspirations. Workplace well-being is about all of this and more. But it comes down to one simple fact: when employees are satisfied with their work environment and working conditions, they can make their best contributions and provide high quality services and programs to Canadians."

—Report of the Committee of Senior Officials
(COSO) Sub-Committee on Workplace Well-being

A more in-depth, qualitative analysis of respondents' comments from this study was presented in *Voices of Canadians: Seeking Work-Life Balance*.²³ Forty-one percent of all comments from those facing work-life balance difficulties dealt with problems or challenges at the organizational level. The remainder mentioned personal situations and individual factors. This suggests that many Canadians attribute the work-life balance issues they face to their employer and to the way in which their work is being managed.

What can organizations do to make a difference? According to the study, the comments suggest three areas for attention: flexible work arrangements; a supportive, caring work environment; and concrete measures to support work-life balance. However, an even more important factor was the behaviour of managers, and the need for organizations to focus

on this aspect. As one respondent put it, "I believe that a company should support an employee in good times and in difficult times, such as illness, death of a close relative, change in financial status, childcare difficulties. The fact that an employee knows that his/her company is supportive would certainly alleviate additional stress."

The study concluded that many Canadians are having difficulties balancing work and family because organizations are not taking this seriously and are not treating it as a business issue. Employees do not leave an organization—they leave bad management. Eight strategies for organizations were recommended, including the devotion of more effort to improving people-management practices: giving supervisors the skills, tools, time and incentives to focus on the "people part" of their jobs. As well, the study noted the key role of communications to ensure that employees are aware of and understand the various policies that are in place to support them. Even further, it recommended that organizations encourage employees by having senior management model appropriate behaviour, conduct information

sessions on the policies and how they can be used, and describe how these policies are being used successfully in their own organizations and elsewhere.

A third report, by The Conference Board (U.S.),²⁴ described how mature workers' decisions about work and retirement affect the business strategies of their organizations. It also challenged organizations to find ways to adapt the work environment to encourage the fullest contribution of their much-needed older, experienced workers.

From the results of the *Lifepanning Survey*, the Conference Board identified 12 strategies to manage a mature workforce. When examined more closely, the majority of these strategies are relevant for all employees as they move through the organization. Some of these include:

1. *Identify the training needs of mature workers.* Denying or overlooking opportunities to improve older workers' skills sends the message that there is no future for them where they are.

NATIONAL QUALITY INSTITUTE: (NQI)—HEALTHY WORKPLACE Progressive Excellence Program

NQI was created 10 years ago as a unique partnership between the Government of Canada and private-sector leaders. This national, not-for-profit organization provides a Roadmap to Excellence that any organization may use to achieve excellence through workplace innovation and sustainable performance improvement. As part of its mission, it has initiated a comprehensive approach to creating healthy workplaces through its development of Canadian Healthy Workplace Criteria in association with professionals from the health and work safety sector, and in partnership with Health Canada. The criteria serve as a guide for organizations and as a basis for self-assessment against the four levels of the *NQI Progressive*

Excellence Program (PEP): commitment, planning, implementation and sustainability. Of particular note is the inclusion of the social and psychological aspects of the work environment, in addition to the physical aspects and individual health practices initiatives that organizations have previously focused on.

Once an organization has met or exceeded the criteria of all four levels, it can apply to receive the Healthy Workplace Award, a category of the Canada Awards for Excellence. MDS Nordion, described in this section, is a previous recipient. Statistics Canada, also highlighted in this report for its excellence on a number of fronts, was recently awarded this honour, the first-public sector organization to achieve this recognition.

For more information on how to get started, visit the NQI web site at www.nqi.ca.

2. *Base rewards on performance, not tenure.* By recognizing an accomplished career, a manager can effectively demonstrate to all employees the value of enduring, productive service.
3. *Create alternative career paths.* Many mature workers are not ready to retire; they simply want a change in responsibilities and/or reduced hours.

The fourth research initiative worth citing was conducted by The Canadian Labour and Business Centre.²⁵ It focused on initiatives that affected the physical environment (safety, ergonomics), health practices (support of healthy lifestyles) and social environment (organizational culture, a sense of control over one's work) of an organization

The results showed that, for many organizations, a workplace health initiative had come about following a period of transition, such as a crisis in finances, labour-management relations, worker morale or safety, that showed management they had to fundamentally change their attitude to their workers' well-being. In other cases, wellness programs were deliberately designed to reflect the philosophy of the organization's leadership. In these instances, owners/managers believed that healthy workplace initiatives helped them to achieve business objectives by creating a positive work environment, fostering employee loyalty, enhancing employee satisfaction and retention, and attracting skilled employees.

Nevertheless, representatives of virtually every workplace studied could point to work performance improvements that, in their view, were enhanced by their workplace health initiative. Indicators used in measurement included costs, productivity, recognition of excellence by others, results of employee satisfaction surveys, and retention rates.

Without exception, these workplaces were characterized by a strong leadership presence and explicit support for the initiatives. Leadership legitimized safety and wellness practices, aligned safety and wellness with the organization's strategic objectives, and ensured that adequate resources were available for these initiatives. A specific senior executive or group of executives was accountable

for wellness initiatives, and this was communicated to staff. This personalized the responsibility by making it highly visible, both for the executives themselves and also for the employees. In some cases, executive compensation reflected performance in this area.

"In both the public and private sectors, the people who get to the top are the workaholics—and that's true in unions as well as in management. They're very, very challenged by people who don't want to adopt the same lifestyles that they have."

—David Foot, Professor of Economics,
University of Toronto

As well, in all of the organizations, employee and union involvement was crucial, as was evaluation. Organizations found that results take time to be seen and recorded, and monitoring and measurement were key to the sustainability of the initiatives.

The study concluded that in the final analysis, all the organizations studied conveyed an impression of being well managed—an impression that would likely hold whether viewed through the lens of workplace health and well-being or from some other perspective. In other words, workplace health and good overall management are essentially inseparable.

These studies demonstrate the enormous impact a healthy workplace can have on employee performance and well-being. They reinforce the importance of effective leadership in this area.

SOME EXAMPLES OF BEST PRACTICE

1. HUMAN RESOURCES DEVELOPMENT CANADA: BUSINESS HEALTH CULTURE INDEX

After receiving the results of the 2002 Public Service employee survey, HRDC wanted a tool to assist managers in their efforts to improve their

workplaces. The Business Health Culture Index (BHCI), a tool developed in partnership with Health Canada by Dr. Martin Shain of the Centre for Addiction and Mental Health, was chosen for its simplicity and benchmarking capabilities. Dr. Shain used four questions from the 2002 Public Service Employee Survey to construct a BHCI for HRDC.²⁶

The BHCI indicates the degree to which the business health culture of an organization is working, either for or against the achievement of the organization's business objectives. It measures the relationship between four key job stress and satisfaction factors: demand (time to do the work); control (influence over the work); effort (mental fatigue); and reward (appreciation of the work). In this way, the BHCI assists managers and work groups to understand their environment and to plan what steps they might take to maintain and/or improve workplace well-being.

A manager's tool kit has been developed for HRDC's BHCI. It includes a step-by-step guide, a PowerPoint presentation with speaking notes, a staff satisfaction questionnaire, a handout to staff to help interpret results, a detailed description of how to calculate the four key factors' scores, and a self-assessment tool managers can use to evaluate their management style.

A number of pilot projects are underway at Headquarters and in the regions (Ontario, Prince Edward Island, Quebec and Saskatchewan). For example, a Corporate Services group in one of the regions, comprising three units and 18 staff, met in September 2002 and then again in February 2003. In September 2002, their workplace's BHCI was +.42. Individuals were asked to create a plan of action based on their own unit results. Each of the three units worked independently to create action plans, selecting the factor of their choice. Each unit was expected to regularly review how things were going with their action plan and the concepts of the BHCI. By February 2003, employees were surprised to see the extent to which they had improved. The new score was +1.46. The group felt strongly that it was less the actual specific things that they did in their action plan than a new attitude that made the real difference. They believe that exposure to the BHCI has been a major contributor to the change.

2. CANADA CUSTOMS AND REVENUE AGENCY: EVALUATING THE 'HOW' AS WELL AS THE 'WHAT'

Before the Department of National Revenue became the Canada Customs and Revenue Agency (CCRA), it conducted various studies, surveys and consultations with its employees and unions to review how the performance of managers was being evaluated. Consequently, it was determined there was a fundamental need for a performance management program.

When the organization became an agency, CCRA became responsible for its own classification, staffing, performance management, career management, planning and training programs. In order to support the effective management of resources, CCRA wanted to emphasize the need for a strong management community. In 2001, the decision was made to create a managers group (MG) and a performance pay and leave system for that group. The purpose of this initiative is to acknowledge and reward managers for the critical role they play in leading and developing employees to achieve CCRA's business goals. Performance *pay* is applicable to 'excluded' MGs and PIPS (Professional Institute of the Public Service) members. Performance *leave* is applicable to MGs who are members of PSAC (Public Service Alliance of Canada). A rate of up to 5% (maximum being \$5,000) was agreed upon. The performance pay/leave guidelines were negotiated with PIPS and PSAC.

Managers are rated against five goals:

1. Effective performance management (recognizing and rewarding good performance and addressing poor performance)
2. Support provided to employees in their learning
3. Open, multi-directional communication
4. Decisions and behaviours based on CCRA values, ethics and principles
5. Teamwork and consultation.

The narrative provided by the manager's director must clearly demonstrate why the manager is receiving performance pay/leave and examples must also be provided. A manager is not eligible for performance pay/leave if he/she does not meet core responsibilities.

"The word gets out about where the good leaders are and what places to avoid. Good people, scientists included, do not enjoy working for or with such problem managers, so attracting and keeping the needed expertise becomes even harder."

—comment from an interview
with a research scientist

This process, although in its early stages and requiring some refinements, shows how a performance management system can align individual performance with the achievement of an organization's strategic goals and corporate objectives. At the same time, it supports and strengthens individual performance through ongoing communication and feedback.

3. MDS NORDION: WELLNESS AS A RETENTION STRATEGY ²⁷

MDS Nordion provides most of the world's supply of radioisotopes used in nuclear medicine to diagnose and treat illness. Headquartered in Ottawa, with 11 other locations worldwide, the organization has over 1,000 employees. The company's mission is "to make a distinctive contribution to the health and well-being of people around the world." Consistent with its mission to advance global health, the company believes in promoting a healthy work environment for its employees.

The concept of a healthy work environment at MDS Nordion takes into account physical and psychological work environments, as well as individual health practices. Key components of the organization's corporate health plan include:

- regular monitoring of employee needs and concerns through surveys and 360-degree feedback
- mandatory training in communication, conflict resolution, problem solving and team building
- techniques for identifying process improvements
- flexible work arrangements
- organized sports
- lunch 'n' learn sessions on health-related issues.

This comprehensive approach has resulted in positive outcomes for the company:

- Absenteeism rates have declined from an average of 5.5 days per person per year in 1993 to fewer than 4 days in 2000.
- The company's employee turnover rate has also declined—it is now *half* the industry average.

ORGANIZATIONAL READINESS CHECKLIST

- ☐ Are employee surveys conducted regularly, action plans implemented, and progress communicated to all staff?
- ☐ Are unions consulted in the development of solutions?
- ☐ Does the organizational culture respect diversity of staff and tailor solutions accordingly?
- ☐ Is the values and ethics code discussed and respected?
- ☐ Do reference checks for management positions verify the candidate's competency in workplace performance management?
- ☐ Do performance agreements include commitments to employee well-being, and are these significantly rewarded?
- ☐ Are 'whistle-blowing', harassment complaints, etc., dealt with in a supportive and timely fashion?

²⁰ Association of Professional Executives, *Health Status of Executives in the Public Service of Canada* (Ottawa: APEX), 2002.

²¹ Public Service Commission of Canada, *Executive Succession Reconsidered: Planning for Public Service Renewal* (Ottawa: PSC), October 2002.

²² Linda Duxbury and Christopher Higgins, *The 2001 National Work-Life Conflict Study: Report One* (Ottawa: Health Canada), 2001.

²³ Linda Duxbury and Christopher Higgins, *Voices of Canadians: Seeking Work-Life Balance* (Ottawa: Human Resources Development Canada Labour Program), January 2003.

²⁴ The Conference Board (U.S.), *Valuing Experience: How to Motivate and Retain Mature Workers* (New York: The Conference Board), 2003.

²⁵ The Canadian Labour and Business Centre, *Twelve Case Studies on Innovative Workplace Health Initiatives* (Ottawa: The Canadian Labour and Business Centre), November 2002.

²⁶ Questions 13, 14, 18 and 21.

²⁷ The Conference Board of Canada, *Health Promotion Programs at Work: A Frivolous Cost or Sound Investment?* (Ottawa: The Conference Board of Canada), October 2002, p. 12-13. See also CCMD, *A Fine Balance: A Manager's Guide to Workplace Well-being* (Ottawa: CCMD), 2002.

ELEMENT 5 - A COMMITMENT TO ENSURING CORPORATE CONTINUITY

The continuity of essential corporate knowledge is a fundamental risk-management strategy for every business. This continuity depends on the identification of mission-critical employees and positions, and the transmission of mission-critical corporate knowledge. Knowledge includes not only what is written, but extends to how knowledge is used as well as the accumulation of experience and wisdom.

Who do others turn to in a crisis? Who has a long-term corporate memory? Who is doing a one-of-a-kind job? Who has a unique set of skills or knowledge? Who carries the ball on major projects? Finding answers to these and other questions is at the heart of sound knowledge management.

IN A HIGH-PERFORMING ORGANIZATION:

Management is aware of, and acts on, internal and external risks to its human resource needs.

Managers identify mission-critical executive, corporate and operational units and employees. The organization's demographic profile is reviewed against this information on a regular basis. Appropriate action plans are developed. Each manager, supported by human resources, is accountable for developing and implementing corporate continuity and succession plans for his or her unit.

There is an open process and relationship with employees and their unions for discussing transition issues and implementing plans that are mutually beneficial.

The department clearly communicates the policies and tools that are available to manage individual transitions, and ensures that managers

are knowledgeable and able to make full use of them in implementing their corporate continuity plans. An environment of trust needs to exist such that employees are willing to discuss their retirement and other transition plans with their managers well in advance. Employees receive timely, confidential transition counselling, and, where applicable, are offered various options for their transition so that risks to corporate continuity are minimized. In the case of retirement, these options include both phased retirement and post-retirement arrangements.

A knowledge-management strategy is developed that includes innovative approaches to knowledge transfer and retention.

The department recognizes the importance of having a knowledge management strategy. This involves an orientation to knowledge management that not only focuses on those who are close to transition but is extended to all mission-critical employees. There is a process in place to ensure that the strategy is implemented, monitored and evaluated.

WHAT THE RESEARCH SAYS

Research on corporate knowledge retention and transfer, and on its importance for an organization's viability, is only just emerging. Some research cited in the other elements of this report touch on

this subject, especially with regard to the management and retention of more experienced workers and the development of future leaders. This section highlights three studies.

In the CCMD survey conducted for this report, 72% of respondents indicated that the transfer of corporate knowledge was a significant or very

significant issue for their department or agency. However, respondents also acknowledged that few processes were in place to deal with the issue.

The most popular practice, reported on by 59% of respondents, was the creation of corporate web sites that contain references to relevant policies and procedures. Fewer than 30% of departments used methods that best-practice organizations have found to be effective, such as the opportunity to shadow senior management, knowledge identification and mapping, the establishment of virtual networks, and the compilation of histories and case studies of experienced workers.

Sixty-six percent of the sample cited an increase in the number of managers and employees seeking advice on workforce transition strategies and options. A number of departments reported they had put in place specific programs (emeritus, alumni, mentoring, and phased retirement). About 50% implemented mentoring and phased retirement programs, about 20% had emeritus and alumni programs, and about 30% offered other services, such as development programs. Respondents who had phased retirement practices in place (n=13) were asked to indicate how extensively specific practices are being used. Most are being used to only a limited extent, if at all.

About half of the sample reported that they had undertaken initiatives such as surveys, exit interviews and/or focus groups to determine the particular needs, career attitudes and retention issues of older workers. Very few departments indicated that they encouraged post-employment connections through newsletters and volunteer opportunities.

Respondents suggested that a practical 'how to/best practices' guide would be most useful. In fact, Treasury Board of Canada Secretariat has produced such a guide for managers and human resources specialists²⁸ in this regard. The need for additional funding for double-banking and flex positions was also flagged as important to successfully meet the challenge.

The Corporate Leadership Council, in its study of knowledge retention strategies,²⁹ conducted interviews with individuals at five U.S. government agencies that were considering, or had imple-

mented, specific knowledge retention strategies for their aging workforces. The Council also reviewed similar practices in the private sector.

Their key findings included many of the elements and practices discussed throughout this report: aligning knowledge management goals with organization-wide strategic human capital goals; identifying mission-critical employees, occupations and knowledge; establishing a culture of respect and encouraging knowledge sharing; establishing individual and group mentoring programs 'communities of communication'; creating phased retirement programs and flexible work options; and using information technology and exit interviews.

"We need to be equally concerned with knowledge management and retention throughout an employee's career, 'not squeezing them like lemons' just before they retire."

—comment from a member of the
Transition Advisory Group

The Corporate Leadership Council study offers many practical examples and implementation tips. Two examples illustrate the study's findings.

The first is the Tennessee Valley Authority (TVA) Identification and Score Procedure. The TVA is the largest public power company in the United States. It realized that years of downsizing had left the organization with a median employee age of 48. As part of its corporate continuity strategy, the TVA surveys its employees about their retirement plans. Although participation is voluntary, in the past, 84% of the workforce have stated their intended retirement date (which they are free to change). The company assigns a score to each employee, quantifying the risk of lost knowledge. The identification responsibility is placed largely on managers. Using this identified information, the company prepares staffing and succession plans to capture knowledge, as well as to initiate phased retirement and mentoring programs.

The second example is Siemens Corporation. The organization uses five key questions to identify the most appropriate methods for knowledge transfer.

1. How long will this knowledge be relevant?
2. What types of knowledge are involved?
3. How much time is there before the expert leaves the organization?
4. What is the expert's level of motivation and capability for sharing knowledge, and the successor's motivation and capability of acquiring it?
5. What are the costs of applying the specific methods of knowledge retention under consideration?

Also of interest is an earlier research report by the Corporate Leadership Council, entitled *The Aging Workforce: Retaining Retirement-Age Leaders and Ensuring Critical Knowledge Transfer*.³⁰ It examined the issue of the aging workforce on one Canadian and five U.S. companies in the energy/utility industry. The authors evaluated the effect on companies of losing large employee populations as a result of aging, and studied the solutions companies are implementing to maintain important leaders and workers who are of retirement age.

The research cited here demonstrates that a variety of techniques are available to improve the transfer of knowledge within an organization, thus ensuring that mission-critical information is not lost. The research also highlights the importance of trust, collaboration and timeliness in managing this process.

SOME EXAMPLES OF BEST PRACTICE

1. TRANSPORT CANADA: A PRACTICAL PROCESS FOR REPLACING MISSION-CRITICAL EMPLOYEES

Between now and 2010, Transport Canada is faced with an unprecedented number of potential retirees, particularly in the Technical Inspection, Aircraft Operations and Executive groups. These employees are highly specialized, and the challenge to replace them is made more difficult by a tight labour market and stiff competition from the private sector.

Triggered by the imminent departure of an employee with unique skills in the management of birds at airports, Transport Canada developed a methodology for identifying all its critical subject matter experts (SMEs). This process, which managers and employees considered to be fair and transparent, is based on sound demographic data, dialogue with employees, simple tools that responded to managers' needs, and reporting of measurable actions. The department eventually identified 61 SMEs (out of a total employee population of some four thousand) who would be leaving the department over the next three years. Managers were coached in how to have open and positive discussions with employees about their plans. They developed a variety of strategies for knowledge transfer, ranging from job shadowing and double banking to knowledge mapping.

The process is now firmly in place. Individual managers are held accountable for ensuring that these employees' corporate knowledge is effectively transferred to their successors. This is reflected in the managers' annual performance contracts and rewards. Because Transport Canada believes that ensuring corporate continuity is a fundamental part of a manager's job, and in view of the relatively low costs involved, managers' budgets have not required a supplement to fund this process.

2. STATISTICS CANADA: ACCESSING THE CORPORATE KNOWLEDGE OF RETIREES

Statistics Canada has an Alumni Program to engage the services of selected retirees who have specialized skills and expertise in project optimization, program development, skills transfer and the handling of peak workload periods.

Statistics Canada Human Resources has established an inventory of qualified retirees interested in sharing their expertise and skills. The inventory provides access to corporate knowledge, analytical skills, subject matter or operational expertise. It also is used to identify those who have experience as a board member, or an ability to teach a transferable skill to future Public Service employees. Typically, employees express their interest in becoming part of the inventory at the time they leave the agency, and individuals are encouraged (or not) to participate. Managers who require the expertise of retirees for specific assignments can match retirees with the required skill set. Retirees remain in the inventory for two years, and are asked, periodically, if they wish to remain in the inventory.

Retirees are often hired as 'casual' employees. The agency finds that casual employment is a good option when managers want to obtain specialized skills and bring back expertise. This approach also has the advantage of not affecting a retiree's pension. It is well suited to emergency situations and short-term projects where the red tape involved in traditional staffing methods for term or indeterminate positions is inappropriate.

Two other examples of organizations benefiting from retirees' experience are worth noting. Monsanto Corporation has a Retiree Resources Program, through which retirees are called back to the company as needed. Monsanto estimates rehiring retirees costs 12 to 15% less than engaging other temporary workers. Another example is a U.S. government agency that emphasizes post-retirement communications with its retirees. They often are brought back to give speeches as subject matter experts and attend lunchtime discussion seminars with employees working in their former functions.

3. SCIENTIST EMERITUS PROGRAMS: RECOGNIZING AND RETAINING EXCELLENCE

The Scientist Emeritus Program provides an opportunity for retirees to continue to pursue their work in a non-employment and non-remunerated capacity within a specific science program as recognized scientists. Agriculture and Agri-Food Canada, Natural Resources Canada, Environment Canada, National Research Council Canada, and Fisheries and Oceans Canada have established such programs.

The Scientist Emeritus Program is available only to selected retirees from the scientific community who have a long-standing record of superior performance or an established national or international scientific reputation. The program provides support for continuing research and ensures professional continuity through the transmission of knowledge and experience. The employer and the scientist emeritus sign a memorandum of understanding. The emeritus status is normally conferred for a one-year period, subject to renewal, and outlines the organization's commitment to provide administrative services, such as office space, laboratory time, travel expenses, etc., and the tasks to be performed by the retiree.

4. KNOWLEDGE TRANSFER INITIATIVE: USING PHASED RETIREMENT

A final example, derived from interviews conducted in the course of this study, demonstrates how phased retirement was used effectively to ensure the seamless succession of a mission-critical senior manager.

At age 55, an assistant deputy minister was approached by his newly-appointed deputy minister regarding his career plans, and more specifically his plans for retirement. The ADM welcomed the meeting as he, too, had been thinking about his future plans and how to ensure a smooth transition for his replacement. He wanted to provide as much assistance as he could in advance of his departure. This was particularly important, as he had been in his position for more than 10 years and was the department's expert in a critical sector. After some reflection, he made the decision to retire in a year's time—the following September.

The position is one that requires not only being a subject matter expert but the ability to establish in-depth relationships and gain the confidence of private-sector executives. After a review of the strengths and weaknesses of a number of potential candidates with the DM, and following consultations with the Public Service Commission, a successor was selected and appointed: another ADM in that department.

The transition process had begun the previous September with discussions about the ADM's successor. By April 1, the ADM had become a Special Advisor to the DM, and the new ADM had, in place, his performance agreement for his new position. The retiring ADM was put into one of the department's 'flex' positions, changed offices, and was provided with support staff. He retained a number of 'hot' files, advised on government transition issues related to policy and served as an advisor on the department's management committee. However, in addition to these responsibilities, he was able to provide valuable assistance to the new ADM in the assumption of his new role. For example, he introduced the new ADM to key stakeholders and clients, provided background and context to issues (not only the 'what' but the 'why'), and gave second opinions on files when

asked. This allowed the new ADM to get up to speed during a very busy time.

How were the resources funded? The resources were planned for from the ADM's budget, including salary and travel costs. As he put it, "If it is a priority, you take the funds off the top. I did this every year for training and development. This was no different."

How did he feel during this transition period he refers to as the 'long good-bye'? "For me it seemed like an 'out of body' experience, at times difficult to watch someone else do what you considered the best job in government, something you spent, on average, 70 hours a week at. Initially, it was hard to let go, but I started to go home at 5:00, and that helped. I was still opening my e-mail on Saturday mornings, but my wife intervened. In the end, I felt that I had done the right thing for me and the department."

The ADM believes the length of time they took to enact this transition was about right. Although the process started one year in advance, the three to four months of actual transition time was sufficient. It could be shorter, depending on the position, qualifications of the successor, and issues at the time. And he suggests that this 'bridging' strategy does not have to be limited to very senior positions. It could also be used for any position requiring very specialized and unique knowledge.

ORGANIZATIONAL READINESS CHECKLIST

- ☐ Is the environment closely monitored for factors that could impact on retention assumptions, and discussed at the highest levels?
- ☐ Are current tools and policies to manage transitions and the transfer of knowledge well communicated, understood and used?
- ☐ Do employees share their transition plans with managers and human resources, and are they comfortable in discussing options?
- ☐ Are business-based criteria and approval processes in place for using phased retirement, post-employment and other strategies?
- ☐ Are resources allocated on a priority basis for strategic 'double banking' and recruitment programs?

²⁸ Treasury Board of Canada Secretariat, *Succession Planning for Corporate Knowledge Transfer: A Guide for Managers and Human Resources Specialists* (Ottawa: Treasury Board of Canada Secretariat), 2002.

²⁹ Corporate Leadership Council, *Knowledge Retention Strategies for Retirees in the Public and Private Sectors* (Washington, DC: Corporate Leadership Council), June 2003.

³⁰ Corporate Leadership Council, *The Aging Workforce: Retaining Retirement-Age Leaders and Ensuring Critical Knowledge Transfer* (Washington, DC: Corporate Leadership Council), August 2001.





PART 3

THE CHALLENGES AND OPPORTUNITIES OF CHANGE

The need to manage major workforce transitions in the federal public service is a fact of life. Short- to medium-term pressures include the significant number of retirements that will take place due to the aging of the workforce, the need to replace these employees, and the organizational changes that will be required to meet new demands. At the same time, the composition of the workforce will be changing to a younger, more diverse group with different expectations. The effectiveness of departments and agencies in meeting their objectives will be determined, in part, by how they manage these workforce transitions. The magnitude of these changes will affect all core businesses and will require careful stewardship.

This report provides guidance on the effective management of these transitions. It identifies five elements that, when taken together, position a department or agency to be a high-performance organization in dealing with this issue. These elements are:

1. A business planning process that includes transition issues in strategic and operational plans
2. An alignment of organizational needs and individual potential
3. An investment in the development of talent

4. Effective management of workplace performance and well-being
5. A commitment to ensuring corporate continuity.

The realization of these five elements will require significant changes in many departments and agencies. The current manner of managing these elements is simply not sufficient to allow them to perform at the levels needed to manage the transitions effectively.

Undertaking significant, lasting organizational change is never easy, but is essential for organizational renewal and growth. This applies to the changes that are inherent in managing to high levels of performance in the five elements outlined above. This section of the report outlines some of the key conditions, or challenges, that are necessary to bring about the necessary changes. None of these are heroic in magnitude, but they do require proper attention by senior management before they can be put in place.

SENIOR MANAGEMENT LEADERSHIP

Senior managers must take the lead in ensuring that their department's human resources are managed at a highly professional level. This leadership must be active—staff must see that senior management considers human resource matters to

be of the utmost importance. An excellent starting point is to ensure that the five elements discussed in this report are being managed effectively. This is not complicated, nor does it require huge amounts of resources. For high-performance organizations, this is simply good business practice.

One of the challenges of implementing enhanced systems, processes and cultures in the management of human resources is ensuring that they are applied on a consistent and ongoing basis. This requires a sustained commitment on the part of senior management. They must make it abundantly clear, through their words and actions, that human resources is a management function for all managers, not simply something that is delegated to specialists.

LEADERSHIP FROM CENTRAL AGENCIES

Human resource planning at the department level does not take place in a vacuum. A number of other important actors in the system have an effect on what departments can or cannot do. These are the central agencies.

Each of these organizations has specifically-mandated roles to play to ensure that the whole of the Public Service operates effectively and to a high standard. They set those standards and they carry the collective responsibility for maintaining the health and well-being of the system. While their roles differ, they are complementary. Consequently, these agencies must provide coordinated leadership to ensure that the Public Service can successfully implement the laws enacted by Parliament and the policies determined by the Cabinet, and can respond effectively to the service needs and interests of citizens.

For example, the Privy Council Office manages the broad policies underpinning the values, structures and operations of government. It bears the responsibility for advising the Privy Council on the appointment of agency heads and deputy ministers, through the Governor-in-Council and, where

appropriate, in consultation with House Standing Committees. As well, it defines the competencies and determines the future requirements of this senior-level community. With the establishment of the Public Service Human Resources Management Agency, the Privy Council assumed responsibility for managing the overall implementation of Bill C-25, The *Public Service Modernization Act*, and all functions related to human resources management (except for collective bargaining and staff relations). This includes The Leadership Network, which has the responsibility for the management of development programs, including the *Pre-Qualified Pool (PQP)* for entry ADMs, and the *Accelerated Executive Development Program (AEXDP)* for those seeking careers in the executive ranks. A second agency, The Public Service Commission, the protector of the merit principle, ensures that the Public Service is both professional and non-partisan. Finally, the new Canada School of Public Service is mandated to ensure that public servants at all levels have an opportunity to develop the various skills required to perform their duties appropriately and to provide the training necessary for future leaders.

"The needs of Canadians are changing and the Public Service must adapt to meet them. *The Public Service Modernization Act* is an important tool to manage that change."

—The Honourable Lucienne Robillard, former President of the Treasury Board of Canada

Each one of these central agencies must provide leadership in its area of responsibility. Together they should play a critical role in providing an annual assessment of the human resource requirements of the system as a whole. This environmental scan should include an analysis of system-wide trends, human resource priorities, and horizontal needs. Such a scan, to be of value, cannot simply be a "roll up" of departmental

reports. It must be based on active oversight and sound intelligence gathering. Profiling workable solutions and best practices throughout the system should form part of this assessment. In addition, there needs to be effective monitoring and evaluation of the capacity of government's human resource systems.

HUMAN RESOURCE CAPACITY

A key organizational function must be supplied with adequate resources if it is to make the contribution expected of it. There is little doubt that the capacity of the human resource professional group in many departments and agencies has been hampered in the past by a lack of adequate resources. The effective management of the five elements in this report require a strategic perspective on the part of the human resource group. In many cases, the focus on managing transactions and meeting the reporting needs of central agencies has not made it possible to properly address strategic issues.

The human resource group also requires a mix of skills that would facilitate a more strategic orientation. If this skill mix is not present, it must be upgraded. Central agencies can play an important role in this regard by supporting the activities of this functional community, such as creating communities of practice, developing training in strategic human resources planning, and recognizing the human resources function as a career enhancer.

"Given the significance of the proposed changes [Bill C-25], the transition must be well managed and supported. For example, training and support must be provided and expectations clarified. In addition, sufficient resources must be provided if this initiative is to succeed."

—Sheila Fraser, Auditor General of Canada,
Opening Statement to the Senate Standing
Committee on National Finance, Bill C-25, *The
Public Service Modernization Act*

In addition to the proper skill mix and a clear role definition, human resource management systems must be appropriate to the need and up-to-date. There is no reason that human resource performance statistics should not be as current as financial performance statistics. Human resources information should be of the same quality as financial data, and should be timely and oriented toward the vital objectives of the organization. The information should also be oriented toward results that are evaluated through the use of surveys and other performance measures on a regular basis.

The report of the Committee of Senior Officials (COSO) Sub-Committee on the Human Resources Community¹¹ offers many good suggestions for improving human resources capacity.

DEPARTMENTAL PLANNING SYSTEMS

Departmental planning systems need to be properly aligned to ensure that corporate needs are met and that the potential of employees is fully utilized. This requires the proper integration of human resources objectives within the overall business strategy. The process should be interactive, with a human resource overview as part of the input to the development of the overall corporate approach. Once the business plan is in place, a human resource strategy should be developed.

As well, sufficient resources must be devoted to the effective implementation of this human resource plan. Too often, a plan is developed without adequate resources being allocated to ensure that the initiatives can be successfully undertaken.

MYTHS

Myths inhibit change, and there are many myths in the human resource area.

For example, this report presents case studies of excellence in workforce transitions. For the most part, organizations such as Statistics Canada and

the RCMP tend to be viewed as separate, stand-alone agencies that are not subject to the challenges of managing human resources in the larger system. This is a classic myth. The success of these agencies has much more to do with leadership and a commitment to excellence in human resource management than they do with the type of organization they are.

Similarly, it is commonly believed that career mobility is difficult for those in the regions and in small agencies, that resources are scarce for human resources planning initiatives, and that employees need to work in Ottawa and obtain central agency experience to advance. Notwithstanding these issues, public servants in the regions move between different levels of government on a regular basis, have opportunities to network through supporting activities of Regional Councils, and are quite familiar with the talent pool in their respective areas. The CCMD survey also shows that small agencies have been quite innovative in their human resources plans. As mentioned earlier in this report, the Canadian Transportation Agency has funded a comprehensive succession planning program for a number of years.

EMPLOYEE-CENTRED ORGANIZATIONS

Why is it that some organizations in both the public and private sectors are known as 'employee-centred organizations'? This reputation stems from the fact that the management of the enterprise places a high priority on its employees. This often means seeking ways of letting employees know they are valued. This internal communications challenge is in addition to the management of formal human resource processes.

A CONCLUDING NOTE

Many of the points raised in this study are not necessarily new, and they have been studied and written about before. Why, then, do many view the progress that has been made in the management of human resources as insufficient to meet the needs of employees, their organizations, and the public they serve?

The answer to this question lies in the degree of inertia that often exists in large bureaucratic organizations, the lack of balance between the rewards of policy formulation and those of sound management, and the multiplicity of demands placed on managers and human resources personnel.

There are indications, however, that attitudes and behaviours about the importance of human resources are improving, and that much more progress will be made in this vital area in the future.

The first of these is the passage of Bill C-25, *The Public Service Modernization Act*, which presents a significant opportunity to make fundamental changes to the management of human resources. Implementing these changes will require great skill, but the rewards will benefit all concerned.

Secondly, the development of the *Management Accountability Framework* by the Treasury Board of Canada Secretariat provides Public Service managers with a clear list of management expectations for high organizational performance. Included in the framework is the expectation that "a department has the people, work environment and focus on building capacity and leadership to assure its success and a confident future for the Public Service of Canada."¹²

Thirdly, there is a growing awareness, particularly, at the ministerial level, that it is important to not only have good policies, but to ensure effective implementation of those policies. Too often,

getting the job done quickly, as opposed to getting the job done correctly, leads to significant difficulties and, in some cases, failures.

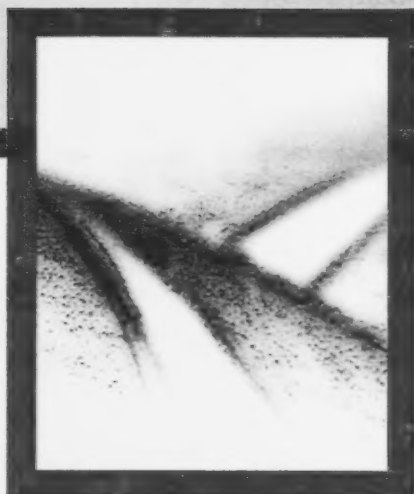
This awareness will have an important impact throughout the Public Service. It will lead to a much wider acceptance of the need to reward *how* success is achieved, not only the achievement of success itself. This, in turn, will lead to a more committed and higher performing Public Service.

The Public Service of Canada faces significant challenges, most notably the changes taking place in its workforce. There is every reason to have confidence that these changes will be successfully managed if they are accorded the attention they deserve. The aim of this report has been to encourage due attention to the management of workforce transitions.

³¹ COSO Sub-Committee on the Human Resources Community, *Partnership for People* (Ottawa: COSO), 1998.

³² Treasury Board of Canada Secretariat, *Management Accountability Framework* (Ottawa: TBS), 2003.





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